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**Susan Simms Marsh**  
Corporate Counsel

March 4, 2015

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 the water works property and rights of the Abbey Woods Homeowner Association to Pennsylvania-American Water Company; (2) the rights of Pennsylvania-American Water Company to furnish water service to the public in an additional portion of Jackson Township, Butler 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,

Susan Simms Marsh

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 the water works property and rights of Abbey Woods Homeowner Association to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to furnish water service to the public in an additional Jackson Township, Butler County, Pennsylvania.**

**Application No.** \_\_\_\_\_

To Pennsylvania Public Utility Commission:

1. The name and address of the Applicant is:

Pennsylvania-American Water Company  
("Pennsylvania-American")  
800 West Hershey park Drive  
Hershey, PA 17033

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

Shawn C. Bunting, Esquire  
Susan D. Simms, Esquire  
Seth A. Mendelsohn, Esquire  
Corporate Counsel  
Pennsylvania-American Water Company  
800 West Hershey Park Drive  
Hershey, PA 17033

3. Abbey Woods Homeowner Association ("ABBEY WOODS") is a privately-owned entity. It owns and operates a water system in Jackson Township, Butler County.

4. Pennsylvania-American is a Pennsylvania public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania and is engaged in the business of supplying and distributing water. Water service is furnished to the public in a service territory encompassing more than 404 communities across the Commonwealth with a combined population of over 2,000,000. A description of Pennsylvania-American's certificated water 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.

**A. TRANSFER, BY SALE, OF THE WATER WORKS PROPERTY AND RIGHTS OF ABBEY WOODS HOMEOWNER ASSOCIATION TO PENNSYLVANIA-AMERICAN**

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

5. As of December 31, 2014, ABBEY WOODS furnished water service to fifty-four customers as follows:

Residential	54
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6. As of December 31, 2014, Pennsylvania-American furnished water service to 649,327 customers, as follows:

Residential	597,479
Commercial	44,634
Industrial	525
Fire service	4,383
Municipal, sales for resale and others	2,302

### Background Financial Information

7. A balance sheet for ABBEY WOODS' water operations is not available. ABBEY WOODS prepares a single audit for its combined Homeowner Association operations. Attached is Pennsylvania-American's balance sheet as of December 31, 2013 (Exhibit B). Please note that Pennsylvania-American will undertake an original cost study to determine the original cost and accumulated depreciation of ABBEY WOODS' water utility plant in service.

8. An income statement for ABBEY WOODS' water operations is not available. ABBEY WOODS prepares a single audit for its combined Homeowner Association operations. Pennsylvania-American's Income Statement for the 12 months ended December 31, 2013 is attached as (Exhibit C).

9. 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

10. This Application seeks approval of the transfer to Pennsylvania-American of substantially all of the water works property and rights of ABBEY WOODS. The terms and conditions of the transaction are contained in the executed Purchase Agreement between Pennsylvania-American and ABBEY WOODS (Exhibit D). The specific property to be transferred is defined and described on page 1 of the Purchase Agreement.

11. The consideration for the transfer of the water system is One Hundred Thousand Dollars (\$100,000) as outlined in paragraph 2.1 of the Purchase Agreement. The transaction is at arm's length.

12. No investment securities will be transferred.

13. There is attached hereto a pro forma balance sheet of Pennsylvania-American as of December 31, 2013 giving effect to the transfer (Exhibit E). However, as noted in Paragraph 7, above, Pennsylvania-American is undertaking an original cost study for the purpose of establishing the units of property, vintage, the book accumulated depreciation and the book depreciated original cost of the utility plant of ABBEY WOODS. Once the original cost study is complete and the property depreciated original cost and book value are established, Pennsylvania-American will amend the pro forma balance sheet giving effect to the transfer, accordingly.

14. There is attached hereto a pro forma consolidated income statement of Pennsylvania-American and ABBEY WOODS for the 12 months December 31, 2013 (Exhibit F).

15. Tentative journal entries to record the transfer in Pennsylvania-American's accounts are set forth below, based upon the books of ABBEY WOODS and the purchase price of One Hundred Thousand Dollars (\$100,000) and assuming that the depreciated original cost of the utility plant equals \$100,000. However, as stated above, PAWC is undertaking an original cost study and will establish the depreciated original costs for ABBEY WOODS' utility plant based on the results of the study.

Utility Plant	\$ 125,000
Accumulated Depreciation	\$ 25,000
Short Term Debt	100,000

16. There is attached a certified copy of the resolutions adopted by the Board of Directors of Pennsylvania-American (Exhibit G). A signed copy of the Board Minutes adopted by

the officers of ABBEY WOODS authorizing the execution of the Agreement is attached as Exhibit H.

17. The proposed transfer will have no detrimental effect on the service provided to Pennsylvania-American's existing customers. Pennsylvania-American believes that the proposed transfer will have a beneficial effect on the customers of ABBEY WOODS in that they will receive the benefit of Pennsylvania-American's experience in managing and operating water systems which will result in efficiencies and improvements in the service to the customers to be transferred.

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

b. Pennsylvania-American will provide the ABBEY WOODS system with improved centralized management, customer service and administrative services.

c. The acquisition will further the goal of regionalization because the ABBEY WOODS water system will be 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.

d. The acquisition will result in increased economies of scale as the ABBEY WOODS water system will be operated as part of a larger system which will result in uniform and higher standards of service to the customers.

18. The proposed transfer will have no immediate effect on the rates for service to be charged to Pennsylvania-American's existing customers. Prior to Closing, ABBEY WOODS shall adopt rates for water service equal to Pennsylvania-American's then in effect Rate Zone 1 rates for all customers shown on Exhibit I. Pennsylvania-American will apply the rules and regulations 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.

19. 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.

20. The reason for the proposed transfer is the purchase by Pennsylvania-American of ABBEY WOODS' public water supply system.

21. Pennsylvania-American and ABBEY WOODS are not affiliated with each other.

22. ABBEY WOODS is not regulated by your Honorable Commission and therefore have no special or general assessments outstanding against it pursuant to Section 1201 of the Public Utility Code.

**B. THE RIGHTS OF PENNSYLVANIA-AMERICAN TO FURNISH WATER SERVICE TO THE PUBLIC IN AN ADDITIONAL PORTION OF JACKSON TOWNSHIP, BUTLER COUNTY, PENNSYLVANIA**

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

23. Pennsylvania-American is currently furnishing service as outlined in paragraph 4.

24. With this application, Pennsylvania-American is requesting the right to furnish water service in an additional portion of Jackson Township, Butler County, as shown at Exhibit J and described at Exhibit K.

25. 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 19.

26. No corporation, partnership or individual other than ABBEY WOODS 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 waterworks property and rights of ABBEY WOODS. ABBEY WOODS will permanently discontinue all water service to the public.

27. The facilities to be employed include the existing ABBEY WOODS water distribution system including the mains, services, meters, hydrants, valves and rights-of-way, as more fully described on page 1 of the Purchase Agreement.

28. The estimated annual revenues and expenses of Pennsylvania-American in the Application territory is set forth in Exhibit L.

### **C. CONCLUSION**

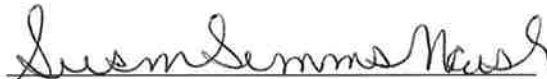
29. Approval of this Application is necessary or proper in order for the public now served by ABBEY WOODS to benefit by receiving water service from a public water supply company with the resources and personnel to provide a safe and reliable supply of potable water at reasonable prices.



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

- (a) the transfer, by sale, of the water works property and rights of ABBEY WOODS to Pennsylvania-American Water Company; and
- (b) the rights of Pennsylvania-American Water Company to furnish water service to the public in an additional portion Jackson Township, Butler County, Pennsylvania.

Respectfully submitted,

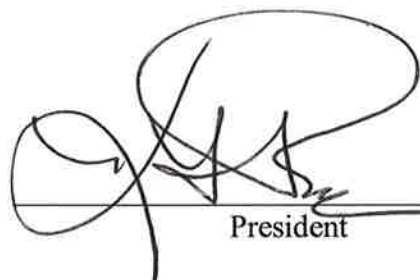


Shawn C. Bunting, Esquire  
Susan Simms Marsh, Esquire  
Seth A. Mendelsohn, Esquire  
Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033

Dated: March 4, 2015

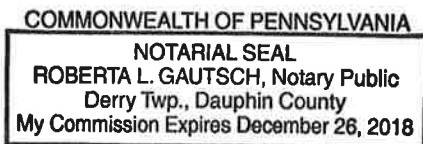
COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF DAUPHIN )

Personally appeared before me, a Notary Public in and for said Commonwealth and County, Kathy Pape, President of Pennsylvania-American Water Company who, being duly sworn according to law, deposes and says that the facts set forth in the foregoing Application are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
President

Sworn to and subscribed before me  
this 4<sup>th</sup> day of March,  
2015.

  
\_\_\_\_\_  
Notary Public



## PENNSYLVANIA-AMERICAN WATER COMPANY

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

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

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

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

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

Since the merger of the former Pennsylvania-American Water Company (Riverton and Keystone) into Western Pennsylvania Water Company on February 1, 1989, the Company has acquired the following water and wastewater systems: Smith Township Municipal Authority system (Washington County, February 27, 1989); Abington Township system (Lackawanna County, August 5, 1989); Summit Township Municipal Authority system (Butler County, August 31, 1993); Skyline Water Company (Dauphin County, December 2, 1993); Gregg Township Municipal Authority system (Union County, April 25, 1994); P-F Area Water Association system (Washington County, October 1, 1994); Country Place Water Company, Inc. and Country Place Waste Treatment Company, Inc. (Monroe County, June 30, 1995); Hickory Water Company, Pocono Farms East Water Company, Inc., and Silver Water Company (Monroe and Pike Counties, December 21, 1995); the water utility assets of Pennsylvania Gas and Water Company (Lackawanna, Luzerne, Susquehanna and Wayne Counties, February 16, 1996); the Municipal Authority of the Township of Morris system (Clearfield County, April 24, 1996); Westford Water Company (Dauphin County, August 2, 1996); 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); Berry Hollow Water Company (Northampton County, April 3, 2014); Scott Township (Lackawanna County, May 22, 2014); Paint-Elk Joint Sewer Authority (Clarion County, July 31, 2014) and Hamiltonban Township Municipal Authority (Adams County, November 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 649,327 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

## **Exhibit A**

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 Lawn<sup>3</sup> and Wyomissing<sup>2</sup> 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 Wallaceton and the Townships of Boggs, Bradford, Decatur, Graham and Morris in Clearfield County;

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

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

All, or portions of, the Boroughs of Camp Hill, Lemoyne, New Cumberland, Shiremanstown, West Fairview<sup>1</sup> 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;

## **Exhibit A**

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 Watsontown and the Townships of Delaware, East Chillisquaque, Point, Turbot, Upper Augusta and West Chillisquaque in Northumberland County;

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

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

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

All, or portions of, the Borough of Lewisburg and the Townships of Buffalo, East Buffalo, Gregg, Kelly

and White Deer in Union County;

All, or portions of, the City of Warren and the Townships of Conewango, Glade, Meade, and Pleasant in Warren County;

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

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 17,088 customers in the following municipalities:

All, or portions of, the Townships of Franklin, Hamiltonban and Highland, 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, Elk, Monroe and Paint 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.

<sup>1</sup> West Fairview Borough was merged into East Pennsboro Township in 1998.

<sup>2</sup> Wyomissing Hills was merged into Wyomissing Borough in 2002.

<sup>3</sup> West Lawn was merged into Spring Township in 2006.

[404 municipalities in 36 counties.]

12/31/2014

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

	<b>December 31, 2013 (Audited)</b>
<b>Property, plant and equipment</b>	
Utility plant - at original cost less accumulated depreciation	\$ 3,149,042
Utility plant acquisition adjustments, net	\$ 14,531
Total Non-Utility Plant, net	\$ 235
<b>Total property plant and equipment</b>	<b>\$ 3,163,808</b>
<b>Current assets</b>	
Cash and cash equivalents	\$ 683
Accounts receivable:	
Billed, net of allowance for doubtful accounts	\$ 42,469
Unbilled	\$ 36,111
Other current assets	\$ 14,643
<b>Total current assets</b>	<b>\$ 93,906</b>
<b>Long-term assets</b>	
Regulatory assets	\$ 182,074
Goodwill	\$ 39,782
Prepaid Pension Expense	\$ 19,885
Other	\$ 554
<b>Total long-term assets</b>	<b>\$ 242,294</b>
<b>Total assets</b>	<b>\$ 3,500,008</b>
<b>Capitalization and Liabilities</b>	
<b>Capitalization</b>	
<b>Total stockholder's equity</b>	<b>\$ 1,169,391</b>
Long-term debt	\$ 1,147,870
Preferred stock with mandatory redemption requirements	\$ 10,052
<b>Total capitalization</b>	<b>\$ 2,327,312</b>
<b>Current liabilities</b>	
Notes payable - associated companies	\$ 66,728
Current portion of long-term debt	\$ 5,117
Other	\$ 116,157
<b>Total current liabilities</b>	<b>\$ 188,002</b>
<b>Long-term liabilities</b>	
Deferred income taxes	\$ 699,187
Regulatory Liabilities	\$ 27,780
Other	\$ 129,879
<b>Total long-term liabilities</b>	<b>\$ 856,846</b>
<b>Contributions in aid of construction</b>	<b>\$ 127,848</b>
<b>Total capitalization and liabilities</b>	<b>\$ 3,500,008</b>



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

	<b>12 Months Ended December 31, 2013 Audited</b>
<b>Operating revenues</b>	<b>\$571,195</b>
<b>Operating expenses</b>	
Operation and maintenance	\$200,367
Depreciation and amortization	\$87,484
General taxes and other	\$12,288
<b>Total Operating Expenses</b>	<b>\$300,139</b>
<b>Operating income</b>	<b>\$271,056</b>
<b>Other income (expenses)</b>	
Other income, net	(\$235)
Interest expense, net	(62,770)
Total Other Expenses	(63,005)
<b>Income before income taxes</b>	<b>\$208,051</b>
<b>Provision for income taxes</b>	<b>\$85,957</b>
<b>Net income</b>	<b>\$122,094</b>

**ASSET PURCHASE AGREEMENT**

**Between**

**ABBAY WOODS HOMEOWNER ASSOCIATION**

**As Seller**

**and**

**PENNSYLVANIA-AMERICAN WATER COMPANY**

**As Buyer**

**Dated as of March 3, 2015**

## List of Schedules

Schedule 1.2	Excluded Assets
Schedule 4.4.1	Compliance
Schedule 4.4.3	List of Permits
Schedule 4.5	Litigation
Schedule 4.8	Easements
Schedule 4.8.1	Easement Forms
Schedule 4.9	Personalty
Schedule 4.10	Leases
Schedule 4.12	Fire Hydrants
Schedule 4.13	Contracts
Schedule 4.15	Liabilities
Schedule 4.16	Customer Advances
Schedule 8.7	Opinion of Counsel
Schedule 8.13	Rates

**ASSET PURCHASE AGREEMENT FOR  
ABBEY WOODS HOMEOWNER ASSOCIATION'S DISTRIBUTION  
SYSTEM**

THIS AGREEMENT, made and entered into as of the 3<sup>rd</sup> day of March, 2015, by and between ABBEY WOODS HOMEOWNER ASSOCIATION, a homeowner's association organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter referred to as "ABBEY WOODS"), 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, ABBEY WOODS is the owner of a public water supply system in Jackson Township, Butler County, Pennsylvania and having Pennsylvania Public Water Supply Operations Permit Number 5100144; and;

WHEREAS, PAWC is a public utility owning and operating a public water supply system in the vicinity of ABBEY WOODS' Water System in Jackson Township, Butler County, Pennsylvania and;

WHEREAS, ABBEY WOODS wishes to sell, and PAWC desires to purchase the water distribution system assets (hereafter referred to as the "Distribution System") on the terms and subject to the conditions set forth in this Agreement. The Distribution System comprises the following: water distribution mains, gate valves, blow off valves, services, meters and fire hydrants. Also, any and all rights-of-way associated with the Distribution System.

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 ABBEY WOODS' DISTRIBUTION SYSTEM.

Subject to the terms, representations and conditions set forth in this Agreement, at Closing, ABBEY WOODS shall sell, assign, transfer, deliver and convey to PAWC, free and clear of all liens and encumbrances whatsoever, and PAWC shall purchase, the Acquired Assets. "Acquired Assets" means all of ABBEY WOODS' right, title, and interest in and to all of the assets and rights owned or used by ABBEY WOODS in their Distribution System or used in the business of providing water 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 ABBEY WOODS agree that, excepting only the assets specifically described in Section 1.2, every asset and right owned by ABBEY WOODS or used in the provision of distribution of water service, whether real, personal, mixed, tangible or intangible, and including all the physical plant, property, equipment, and facilities comprising the existing Distribution System owned and operated by ABBEY WOODS for providing water service to the public in a portion of Jackson Township, Butler 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 the following:

1.1.1 All real property easement rights, together with all fixtures, structures and other improvements erected thereon, and rights of way, water lines, rights of use, licenses,

hereditaments, tenements, privileges and other appurtenances thereto or otherwise related to the Distribution System (such as appurtenant rights in and to public streets) (the “Real Estate”) excepting only those assets specifically listed in Section 1.2;

1.1.2 mains, services, meters, hydrants, valves, fittings, materials, supplies, construction in progress, and other tangible personal property related to the Distribution System (the “Equipment and Other Tangible Personal Property”) excepting only those assets listed in Section 1.2;

1.1.3 [Reserved]

1.1.4 intellectual property and goodwill, licenses and sublicenses owned and obtained with respect to the Water System;

1.1.5 all customer contracts, supply agreements, operating contracts and distribution contracts relating to the Water System;

1.1.6 franchises, approvals, permits, authorizations, licenses, orders, registrations, certificates, variances, and other similar permits or rights obtained from any authority relating to the Water System;

1.1.7 books, records, ledgers, files, documents, correspondence, architectural plans, drawings, and specifications, records of plant operations and materials used quality control records and procedures, equipment maintenance records, manual and warranty information, data and laboratory books and inspection processes.

1.2 EXCLUDED ASSETS. The assets identified in Schedule 1.2 are specifically excluded from the Acquired Assets.

1.3 LIABILITIES EXCLUDED. PAWC shall not assume any liabilities of ABBEY WOODS. It is further understood and agreed that all obligations of any nature whatsoever,

whether owed to ABBEY WOODS by others or owed by ABBEY WOODS to others, on the date of Closing shall be and remain with ABBEY WOODS.

1.4 ACCOUNTS RECEIVABLE. Accounts receivable for water services rendered by ABBEY WOODS through the close of business on the date of Closing shall belong to ABBEY WOODS, and accounts receivable for water services rendered thereafter shall belong to PAWC.

## ARTICLE 2

### PURCHASE PRICE

#### 2.1 PURCHASE PRICE FOR THE DISTRIBUTION SYSTEM

2.1.1 Purchase Price. Subject to the terms and conditions of this Agreement, the total purchase price of the Water System shall be One Hundred Thousand (\$100,000) Dollars. The purchase price shall be payable to ABBEY WOODS 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-five (45) days following the date on which all of the conditions set forth in Articles 7 and 8 of this Agreement have been met, at such time and date as may be mutually agreed upon by the parties hereto. Provided, however, that if Closing shall not have occurred on or before December 31, 2015 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, PA 17033.

3.2 DELIVERIES AND PROCEEDINGS AT CLOSING. Subject to the terms and conditions of this Agreement, at the Closing, ABBEY WOODS shall deliver to PAWC:

3.2.1 Bills of sale and instruments of assignment duly executed by ABBEY WOODS 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 deeds of conveyance of easements to PAWC, duly executed and acknowledged by ABBEY WOODS and in recordable form, each sufficient to convey the title and rights of access to the Distribution System.

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

3.2.5 Evidence that any indebtedness of ABBEY WOODS on the Water System has been retired.

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

3.2.7 In addition to such other instruments and documents as are to be delivered to PAWC by ABBEY WOODS on or prior to the Closing, as provided herein, ABBEY WOODS shall deliver to PAWC at the Closing all books and records and other documents



maintained by ABBEY WOODS relating to the Acquired Assets.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF ABBEY WOODS

##### 4. REPRESENTATIONS AND WARRANTIES OF ABBEY WOODS.

ABBEY WOODS represents and warrants to PAWC that:

4.1 QUALIFICATION. ABBEY WOODS is homeowner's association representing the owners of the Abbey Woods development and is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. and ABBEY WOODS has all requisite legal power and legal authority to own, lease and operate the Acquired Assets and the Water System as presently being conducted, and to convey the Acquired Assets to PAWC as contemplated under this Agreement.

4.2 AUTHORIZATION AND ENFORCEABILITY. The execution, delivery, performance, and acceptance of this agreement by ABBEY WOODS have been duly authorized by all necessary action. This Agreement constitutes a valid and binding obligation of ABBEY WOODS enforceable in accordance with its terms. ABBEY WOODS has full power and authority to execute, deliver, and perform this Agreement and all other agreements and instruments to be executed by ABBEY WOODS in connection herewith and ABBEY WOODS has complied with all covenants and notifications required to carry-out this agreement.

4.3 NO VIOLATION OF LAWS OR AGREEMENTS. The execution, delivery, and performance of this Agreement do not, and the consummation of the transaction 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, indenture, mortgage, or other instrument to which ABBEY WOODS is a party or by which the Acquired Assets may be bound or affected.

4.4 PERMITS AND COMPLIANCE WITH LAWS GENERALLY.

4.4.1 ABBEY WOODS has not knowingly violated any local, state or federal law, rule or regulation with respect to the use and operation of the Water System. Except as set forth on Schedule 4.4.1, 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 ABBEY WOODS, threatened, by any authority or other person with respect to any alleged violation by ABBEY WOODS of any law, ordinance, rule, regulation, code or order of any authority relating to the Water System or failure to have any Permit required with respect to the operation of the Water System.

4.4.2 ABBEY WOODS possesses and is in compliance with all Permits required to operate the Water 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. The Water System is operated by ABBEY WOODS in compliance with all applicable laws, rules, regulations, ordinances, codes, judgments and orders except as set forth in Schedule 4.4.1. All Permits of ABBEY WOODS relating to the operation of the Water System are in full force and effect. There are no proceedings pending or, to ABBEY WOODS' knowledge, threatened that seek the revocation, cancellation, suspension or any adverse modification of any such Permits presently possessed by ABBEY WOODS.

4.4.3 Schedule 4.4.3 is a complete and accurate list of all current Permits issued to ABBEY WOODS relating to the operation of the Water System. ABBEY WOODS has

delivered to PAWC a correct and complete copy of each written permit listed in Schedule 4.4.3.

4.5 PENDING OR THREATENED LITIGATION. Other than Section 4.4, there is no known action or litigation pending and none are known to be threatened against or affecting the Water System or any of the Acquired Assets before any court, arbitrator or governmental authority, and there are no known laws, ordinances, regulations or official orders now in effect or pending which would adversely affect in a material way the Water System or the ownership, condition or operation of the Water System or the Acquired Assets, except as disclosed on Schedule 4.5.

4.6 ENVIRONMENTAL MATTERS.

4.6.1 ABBEY WOODS has not knowingly 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 ABBEY WOODS has not received any written notice or request for information with respect to, and to the best of ABBEY WOODS' knowledge, ABBEY WOODS 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 Water 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 ABBEY WOODS' knowledge, except for such use or storage of Hazardous Substances as is incidental to the operation of the water 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 To the best of ABBEY WOODS' knowledge, 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.

4.6.5 There are no pending or unresolved claims against ABBEY WOODS or the Water 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 Water System or the Acquired Assets or any other facility, location, or other site.

4.6.6 To the best of ABBEY WOODS' knowledge, no polychlorinated biphenyls ("PCB's") 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 ABBEY WOODS will within thirty (30) days of the date hereof provide PAWC with copies of all written environmental audits or investigations of which they are aware and have access to, prepared for the Real Estate or operations of the Water System.

4.7 BROKERAGE. ABBEY WOODS 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 EASEMENTS. Schedule 4.8, which shall be updated prior through Closing, is a complete and accurate list of all easements and rights-of-way over the real property of

ABBEY WOODS or others used by ABBEY WOODS in the operation of the Distribution System or on which any of its property is located (“Easements”). ABBEY WOODS has or will at Closing have continuous right-of-way for its water lines and other facilities from the record or assessed owner(s) acquired by legal instruments in sufficient form duly recorded. ABBEY WOODS is, or will at Closing, be in lawful and quiet possession of all Easements and there are no pending, or threatened, disputes, claims, condemnation, eminent domain or similar proceedings relating to the Easements. No consents of third parties are required in connection with the transfer of the Easements to PAWC except for consents which shall have been obtained prior to Closing. ABBEY WOODS has or will at Closing convey and transfer to PAWC, indefeasible, good, and marketable title to the Easements, free and clear of all lines, judgments, ground rents, lease, tenancies, licenses, covenants, conditions, restrictions, rights of ways, other easements, and any other matters affecting total. None of the rights of way or easements conveyed to PAWC shall entitle any grantor or other party to free water service from ABBEY WOODS, its successors or assigns. No default or breach exists under any of the covenants, terms, or conditions under which the Easements were granted or are held or enjoyed by ABBEY WOODS.

4.8.1 DEED OF EASEMENT AND RIGHT OF WAY. Each easement conveyed to PAWC at Closing as required in 4.8 shall be in a form substantially the same as the applicable sample included in Schedule 4.8.1, as necessary to operate the Acquired Assets including, but not limited to, pipelines, gate valves, blow off valves, fire hydrants, etc.

4.9 PERSONALTY. Except as otherwise indicated on Schedule 4.9, ABBEY WOODS 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

ownership, operation and maintenance of the Distribution System as it is now conducted.

4.10 LEASES. Schedule 4.10 contains a complete and accurate list of each lease of real property to which ABBEY WOODS is a party (each a "Lease"). ABBEY WOODS 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. There has been no default or event which, with the giving of notice or the passage of time, or both, would constitute a default, on the part of ABBEY WOODS or any landlord under each such Lease, and ABBEY WOODS has not asserted a defense to, offset or claim against any payment or performance which is the obligation of ABBEY WOODS pursuant thereto. At Closing, hereunder, ABBEY WOODS shall deliver to PAWC a landlord estoppel certificate form reasonably satisfactory to PAWC from each landlord under each Lease under which ABBEY WOODS is Lessee.

4.11 CONDITION OF ASSETS. The improvements and other fixed tangible assets of the Distribution System included in the Acquired Assets are as is, where is, reasonable wear and tear excepted. Except for the Excluded Assets, the Acquired Assets include all assets, rights, properties and contracts the use of which, is necessary to the continued conduct of the Distribution System by PAWC substantially in the manner as it was conducted prior to the Closing Date, including the service of all utility customers in substantially the same manner and service levels as provided by ABBEY WOODS on the date hereof. PAWC shall purchase the Distribution System "as is", "where is", and with all faults, provided however, that the condition of the Distribution System at Closing shall be substantially the same as existed on the date that this Agreement is fully

executed.

4.12 FIRE HYDRANTS. Except as set forth on Schedule 4.12, all fire hydrants are in working condition. The parties shall cooperate in making an inspection of all fire hydrants on or about thirty (30) days prior to the Closing Date so as to confirm that all fire hydrants except as set forth on Schedule 4.12 are in working condition. Any fire hydrant that is not in working condition shall be repaired or replaced at ABBEY WOODS' expense prior to Closing. At Closing, all fire hydrants shall be in working condition. PAWC shall, and ABBEY WOODS shall cooperate in requesting Jackson Township to become a public fire hydrant customer of PAWC for all fire hydrants located in the ABBEY WOODS' development. Should Jackson Township not apply for public fire service, PAWC reserves the right to not accept transfer of the fire hydrants and the fire hydrants would remain in the ownership of ABBEY WOODS and ABBEY WOODS would need to apply for qualified private fire hydrant status per PAWC's tariff.

4.13 CONTRACTS. As of the date of this Agreement, Schedule 4.13 contains a complete and accurate list of all contracts, commitments, agreements, and instruments relating to the conduct of the Water System and all leases of Real Estate and personal property related to the Water System ("Contract"). ABBEY WOODS has delivered to PAWC a correct and complete copy of each written agreement listed in Schedule 4.13. Except as disclosed on Schedule 4.13, with respect to each Contract, neither ABBEY WOODS nor, to the best of ABBEY WOODS' 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 ABBEY WOODS, or permit termination, modification, or acceleration, under the contract. Except as set forth in Schedule 4.13, there are no disputes pending or to the best of ABBEY WOODS's knowledge, threatened, under or in respect of

any of the Contracts.

4.14 TAXES. ABBEY WOODS 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 Water System, (b) paid all taxes that are shown to have come due pursuant to such returns or reports, (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 and (d) filed the Application for Tax Clearance Certificate (Form REV-181) with the Pennsylvania Department of Revenue. To the best of ABBEY WOODS' 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.

4.15 LIABILITIES Schedule 4.15 contains a complete and accurate list of all indebtedness of ABBEY WOODS related to the Water 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. ABBEY WOODS has no liabilities with respect to the Water System, direct or indirect, matured or unmatured or absolute, contingent or otherwise, except those liabilities expressly set forth at Schedule 4.15.

4.16 CUSTOMER ADVANCES. Schedule 4.16 is a complete and accurate list



of all unexpired customer advances for construction held by ABBEY WOODS as of the date of this Agreement. Prior to closing, ABBEY WOODS shall complete the construction of all mains and facilities for which ABBEY WOODS 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, ABBEY WOODS may pay over to PAWC the unexpended, non-refundable customer advances, and PAWC shall assume all of the responsibility of the ABBEY WOODS 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 ABBEY WOODS, or for any Extension Deposit Agreements to which ABBEY WOODS is or becomes party, except as specifically agreed to in writing. Schedule 4.16 may be updated at Closing only with the mutual consent of the parties.

## ARTICLE 5

### COVENANTS

5.1 COVENANTS OF ABBEY WOODS. From and after the date of this Agreement and until the Closing Date, ABBEY WOODS covenants and agrees that:

5.1.1 Conduct of Business. ABBEY WOODS will operate the Distribution System only in the ordinary course of business and in accordance with all applicable local, state, and federal laws, rules and regulations.

5.1.2 Contracts and Commitments. Except normal and usual commitments for the purchase of materials and supplies, no contract or commitment shall be entered into by or on behalf of ABBEY WOODS relating to the Distribution System which would materially affect the

operation of the Water System after Closing, except for those commitments approved in writing by PAWC.

5.1.3 Release of Liens. ABBEY WOODS will take action necessary to cause the release, cancellation and discharge of any and all liens or encumbrances, so that as of the Closing, the Acquired Assets will be free and clear of any and all such liens and encumbrances.

5.1.4 Material Events and Circumstance. ABBEY WOODS shall promptly inform PAWC in writing of any specific event or circumstance of which ABBEY WOODS is aware, or of which ABBEY WOODS 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.

5.1.5 Supplemental Information.

5.1.5 (a) ABBEY WOODS shall provide PAWC, within five (5) days of execution or the date of receipt thereof, a copy of (a) each contract entered into by ABBEY WOODS after the date hereof and prior to Closing relating to the Distribution System; (b) a copy of any written notice of assessments for public improvements against any Real Estate received after the date hereof and prior to Closing; and (c) a copy of the filing of any condemnation, eminent domain or similar proceeding affecting all or any portion of any of the Real Estate received after the date hereof but prior to the Closing.

5.1.5 (b) Within five (5) days of the receipt of notice of violation, ABBEY WOODS shall notify PAWC of any violations of state or federal drinking water standards.

5.1.6 Title Information. Within thirty (30) days following the execution of this Agreement, ABBEY WOODS shall use its reasonable efforts to deliver to PAWC true,

correct and complete copies of all existing title policies, surveys, leases, deeds, instruments and agreements relating to title to the Real Estate in ABBEY WOODS's possession.

5.1.7 Regulatory Consents. ABBEY WOODS shall at all times, use its best efforts and cooperate with PAWC to obtain all approvals, authorizations, consents and permits required to be obtained to consummate the transaction contemplated by the Agreement. ABBEY WOODS shall (i) as promptly as practicable, make or cause to be made such filing and submission under the laws, rules and regulations applicable to it as may be required for ABBEY WOODS 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.

5.1.8 Rates. Prior to the date of Closing, ABBEY WOODS shall adjust the rates charged to customers within the Water System to be equivalent to PAWC's then in-effect Rate Zone 1 rates. See Schedule 8.13.

5.2 COVENANTS OF PAWC. From and after the date of Closing, PAWC shall be responsible for the Distribution System transferred to PAWC pursuant to this Agreement.

5.3 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 ABBEY WOODS 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 6

### REPRESENTATIONS AND WARRANTIES OF PAWC

6. REPRESENTATIONS AND WARRANTIES OF PAWC. PAWC represents and warrants to ABBEY WOODS that:

6.1 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 Water System.

6.2 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.

6.3 NO VIOLATION OF LAWS OR AGREEMENTS. The execution, delivery and performance of this Agreement do 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.

6.4 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 ABBEY WOODS.

## ARTICLE 7

### PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

7.1 PENNSYLVANIA PUC APPROVAL. The parties recognize and expressly agree that the consummation of the transaction is conditioned upon the approval of the Pennsylvania Public Utility Commission (the "Pennsylvania PUC"). ABBEY WOODS and PAWC covenant and agree to initiate and faithfully prosecute the necessary proceedings to obtain the approval of the Pennsylvania Public Utility Commission for: (a) the transfer by sale of ABBEY WOODS 's Acquired Assets to PAWC; (b) the right of PAWC to begin to offer or furnish water service to the public in portions of Jackson Township, Butler County, presently being served by ABBEY WOODS; (c) the right of PAWC to adopt and apply in the area to be served, PAWC's existing rules and regulations as set forth in PAWC's duly filed and effective tariff generally applicable to its services at the time of Closing.

## ARTICLE 8

### CONDITIONS PRECEDENT

8. CONDITIONS PRECEDENT TO PAWC'S OBLIGATIONS. The obligations of PAWC under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

8.1 REPRESENTATIONS AND WARRANTIES. ABBEY WOODS' representations and warranties set forth in this Agreement shall be true 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 ABBEY WOODS shall deliver to PAWC a certificate executed by its proper representatives, and dated the Closing Date, certifying to the foregoing.

8.2 PERFORMANCE OF AGREEMENTS. ABBEY WOODS shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and ABBEY WOODS shall deliver to PAWC a certificate executed by its proper representatives, and dated the Closing Date, to such effect.

8.3 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 such liens and encumbrances and ABBEY WOODS 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 and that the Acquired Assets are not subject to any lien or encumbrances. In the event ABBEY WOODS is unable to convey title to the Distribution System 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 ABBEY WOODS 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.

8.4 PENNSYLVANIA PUC APPROVAL. The Pennsylvania PUC shall have issued one or more orders, which orders shall be final and unappealable, approving the transactions contemplated hereby, including, without limitation: (a) approving the transfer, by sale,

of the waterworks property and rights of ABBEY WOODS in the Distribution System to PAWC, and the right of PAWC to begin to offer or furnish water service to the public in ABBEY WOODS, Butler County, Pennsylvania.

8.5 CERTIFICATION OF FINANCIAL INFORMATION. ABBEY WOODS shall have delivered to PAWC a certificate, 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, (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 Distribution System during the period from the date of this Agreement to the Closing Date, together with the cost thereof.

8.6 LIST OF MATERIALS AND SUPPLIES. ABBEY WOODS shall have delivered to PAWC a certificate listing all materials and supplies owned by ABBEY WOODS as of the Closing which are component parts of the Distribution System.

8.7 OPINION OF COUNSEL. ABBEY WOODS shall have delivered to PAWC the opinion of its Counsel, in form and substance satisfactory to PAWC, with respect to the matters referred to herein as set forth on Schedule 8.7.

8.8 DELIVERY OF DOCUMENTS. ABBEY WOODS 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 ABBEY WOODS relating to the Water System.

8.9 DELIVERY OF RESOLUTIONS. Within ten (10) days following the execution of this Agreement, ABBEY WOODS 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.

8.10 PERMITS ISSUED. The Pennsylvania Department of Environmental Protection and all other regulatory agencies or authorities having jurisdiction over the operations of the Water System shall have issued the necessary permits to PAWC to operate the Water System, including, but not limited to permits on new facilities to be installed by PAWC to service the ABBEY WOODS' Distribution System.

8.11 PAWC BOARD APPROVAL. This Agreement is subject to and contingent upon the approval of PAWC's Board of Directors.

8.12 RIGHTS-OF-WAY. ABBEY WOODS and PAWC agree to obtain all necessary rights-of-way prior to Closing. Upon execution of this Agreement, ABBEY WOODS shall forward all documentation, if any, with respect to its rights-of-way, both recorded and unrecorded, at ABBEY WOODS's expense, to PAWC. PAWC will conduct a rights-of-way abstract to determine whether ABBEY WOODS has continuous rights-of-way for all of its water lines and other facilities and that such rights are represented by legal instruments in appropriate form duly recorded. ABBEY WOODS shall be given reasonable notice and a reasonable right to cure any right-of-way issues before the agreement is cancelled.

Upon notification from PAWC that the rights-of-way for the current Distribution System are not sufficient for the operation of the Distribution System, ABBEY WOODS will, at its own expense, secure additional rights-of-way necessary to cover appurtenances of the current Distribution System. PAWC may cancel this Agreement at its sole discretion if ABBEY WOODS



does not obtain and record by Closing all rights-of-way necessary for the maintenance and operation of the current Distribution System.

8.13 RATES. Prior to closing, ABBEY WOODS shall cause the rates charged to the Water System to equal those set forth on Schedule 8.13 and subject to Section 5.1.8.

8.14 INTERCONNECTION OF ABBEY WOODS DISTRIBUTION SYSTEM WITH PAWC. Prior to Closing, PAWC will have obtained permits for and completed construction of the pipeline for interconnecting the ABBEY WOODS Distribution System to PAWC's existing water system in Butler County, Pennsylvania. PAWC will have interconnected the PAWC existing water system to the Abbey Woods Distribution System prior to closing. PAWC will physically disconnect the existing treatment system from the distribution system at closing.

## ARTICLE 9

### INDEMNIFICATION

9.1 INDEMNIFICATION BY ABBEY WOODS. ABBEY WOODS will 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 ABBEY WOODS 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 ABBEY WOODS 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 ABBEY WOODS and its heirs, at all times after the date of this Agreement, from, against, and in respect of any and all damage or deficiency resulting from any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by PAWC set forth in this Agreement or in any statement, certification or other document furnished or to be furnished to ABBEY WOODS, in connection with the transactions contemplated hereby.

## ARTICLE 10

### MISCELLANEOUS

10.1 REALTY TRANSFER TAXES. PAWC and ABBEY WOODS agree to each pay one-half of any realty transfer taxes that may be due or owing as a result of the within transaction, and the parties agree to pro-rate any property taxes.

10.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations, warranties and agreements made by ABBEY WOODS 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. ABBEY WOODS retains all risk of destruction, losses or damage to Distribution System 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 Distribution System assets are destroyed by fire or the elements or by any other cause; or (ii) all or a part of the Distribution System assets are taken by eminent domain, ABBEY WOODS shall give

prompt notice thereof to PAWC and PAWC may, by notice given to ABBEY WOODS 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. After providing reasonable advance notice, ABBEY WOODS 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 ABBEY WOODS relating to the Distribution 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, ABBEY WOODS shall provide PAWC with a complete list of customers, including names, services 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 Distribution System, after making reasonable prior arrangement with ABBEY WOODS, for the purpose of making such inspections and investigations of the Distribution System, including, but not limited to surveys, fire hydrant testing, environmental assessments, and engineering studies, as PAWC deems reasonably necessary. PAWC shall indemnify and hold ABBEY WOODS 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 Distribution 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 dates of this Agreement and until the Closing Date, PAWC shall have the reasonable right to enter upon the property and facilities constituting the Distribution System, after making reasonable prior arrangement with ABBEY WOODS, for the purposes of conducting an environmental assessment of the Distribution System. In the event the results of such assessment are that the Distribution System or any portion thereof is contaminated with hazardous substances, then PAWC may at its sole discretion terminate this Agreement by giving written notice to ABBEY WOODS and whereupon neither PAWC nor ABBEY WOODS shall have any further obligations to the other under this Agreement.

10.8. TERMINATION OF AGREEMENT. If Closing does not occur by December 31, 2015, with the full cooperation and diligent efforts of PAWC and ABBEY WOODS, then either party may terminate this Agreement upon written notice to the other, and parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.

10.9 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.

10.10 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 ABBEY WOODS:

\_\_\_\_\_  
\_\_\_\_\_

Abbey Woods Homeowners Assoc.  
c/o Acri Commercial Realty  
290 Perry Highway  
Pittsburgh, PA 15229

To PAWC:

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

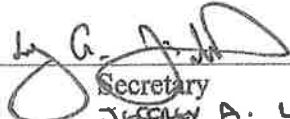
10.11 SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and assignees of PAWC and ABBEY WOODS.

10.12 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.


10.13 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.

10.14 AMENDMENT AND WAIVER. The Parties may by mutual agreement, amend this Agreement or waive compliance by the other party with any of the covenants or agreements contained herein. To be effective, any such amendment or waiver must be in writing and be signed by the party providing such waiver or extension, as the case may be. The waiver by any party hereto of any breach of any provision in of this Agreement shall not operate or be construed as a waiver of any subsequent breach, whether or not similar.


ATTEST:

  
Secretary  
JEFFREY A. LISWAK


ATTEST:

  
Secretary

ABBEY WOODS HOMEOWNER  
ASSOCIATION

  
Jeffrey L. Conrad  
President, Abbey Woods HOA

PENNSYLVANIA AMERICAN WATER  
COMPANY

  
(Vice President)

## **Schedule 1.2**

### **Excluded Assets**

Cash  
Accounts Receivable  
Land  
Wells (4)  
Pumps  
Treatment Building  
Equipment  
Storage Concrete Tanks (5)

**Schedule 4.4.1**

**Compliance**

None.



**Schedule 4.4.3**

**Permits**

See attached.



Pennsylvania Department of Environmental Protection

230 Chestnut Street  
Meadville, PA 16335-3481

April 16, 2001

Northwest Regional Office

814-332-6899  
Fax: 814-332-6117

Mr. Timothy Kelly, Owner  
TD Kelly Company  
P.O. Box 407  
Zelienople, PA 16063 - 0407

Re: Public Water Supply Permit Transfer  
No. 1094502-T1  
Abbey Woods Homeowners Association Water  
Supply  
Jackson Township, Butler County

Dear Mr. Kelly:

We have transferred the Public Water Supply Permit from Abbey Woods Development to Abbey Woods Homeowners Association Water Supply. The new permit number is 1094502-T1.

If you have any questions concerning this matter, please contact Lucy H. Moussa at the letterhead telephone number.

Sincerely,

Forrest E. Underwood  
Regional Manager  
Water Supply Management

Enclosure

cc: Sanitarian through Supervisor ✓  
L. Moussa  
File  
WSM Hrsbg

FEU:LHM:jb

APR 18 2001

ENVIRONMENTAL PROTECTION  
NEW CASTLE OFFICE

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF WATER SUPPLY MANAGEMENT

**PUBLIC WATER SUPPLY PERMIT**

NO. 1094502-T1

<b>A. PERMITTEE: (Name and Address)</b> <b>T. D. Kelly Company</b> <b>Abbey Woods Homeowners Assoc. Water Supply</b> <b>P.O. Box 407</b> <b>Zelienople, PA 16063</b>	<b>B. PROJECT/PLANT LOCATION</b> Municipality <u>Jackson Township</u> County <u>Butler</u>
--	--

C. THIS PERMIT APPROVES FOR: 1.  CONSTRUCTION 2.  OPERATION OF FACILITIES  
AS INDICATED BELOW: Approved Under Construction Permit No. 1094502

Source	Facilities	BVRB
<input checked="" type="checkbox"/> Well(s)	<input type="checkbox"/> Impoundment	<input type="checkbox"/> Bottled Water System
<input type="checkbox"/> Spring(s)	<input type="checkbox"/> Settling	<input type="checkbox"/> Bulk Water Hauling System
<input type="checkbox"/> Surface Water	<input type="checkbox"/> Filtration	<input type="checkbox"/> Vended Water System
<input type="checkbox"/> Finished Water	<input type="checkbox"/> Iron and Manganese Treatment	<input type="checkbox"/> Retail Water Facility
	<input type="checkbox"/> Softening	
	<input type="checkbox"/> Fluoridation	
	<input type="checkbox"/> Distribution Facility	
	<input type="checkbox"/> General Corrosion Control	
	<input type="checkbox"/> Corrosion Control for lead/copper	
	<input checked="" type="checkbox"/> Disinfection	
	<input checked="" type="checkbox"/> Pump Station(s)	
	<input checked="" type="checkbox"/> Transmission Lines	
	<input type="checkbox"/> Finished Water Storage	
	<input type="checkbox"/> Other _____	

KNOWN AS TW1, TW2.

**LIMIT OF AUTHORIZATION**

YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109, OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.

THE PLANS, SPECIFICATIONS, REPORTS AND SUPPORTING DOCUMENTS SUBMITTED AS PART OF THE PERMIT APPLICATION BECOME PART OF THE PERMIT.

NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.

THIS PERMIT IS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43). OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.

THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS None

PERMIT ISSUED

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Date April 16, 2001

By Forrest E. Underwood  
Forrest E. Underwood  
Regional Manager

Title Water Supply Management

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
WATER SUPPLY MANAGEMENT

For Department Use Only

**INTERNAL REVIEW AND RECOMMENDATIONS**

NAME OF APPLICANT TD Kelly Company PROJECT LOCATION Jackson Township, Butler County APPLICATION NUMBER 1094502-T1

**BRIEF DESCRIPTION OF PROJECT AND DISCUSSION** (Use additional sheets if necessary)

The TD Kelly Company has incorporated and changed the name of the facility. However, there is no change of the ownership.

Previous Facility Name: Abbey Woods Development  
New Facility Name: Abbey Woods Homeowners Association Water Supply

A site inspection of the facility conducted on February 7, 2001 by Luigi DeFrancesco, P.E. and Jack Crook, P.G., Regional Hydrogeologist, revealed compliance with the original permits. Since no violations were found to exist while reviewing the associated permit files and as confirmed by Dana Burk, Sanitarian, the transfer is recommended for approval.

**CURRENT ESTIMATE OF COMPLETION DATE OF PROJECT**

**RECOMMENDATION AND ACTION**

Approve	Return	Refuse	Signature	Date
✓			LUCY H. MOUSSA REVIEWING ENGINEER <i>Lucy H. Moussa</i>	4/11/01
✓			ROBERT J. ROSSI, P.E., P.S. CHIEF OF TECHNICAL SERVICES <i>Robert J. Rossi</i>	4-16-01
✓			FORREST E. UNDERWOOD REGIONAL MANAGER <i>F.E. Underwood</i>	4-15-01

**PERMIT CONDITIONS:**

1. STANDARD --
2. SPECIAL (Use additional sheets if necessary) --



Pennsylvania Department of Environmental Protection

230 Chestnut Street  
Meadville, PA 16335-3481  
April 16, 2001

Northwest Regional Office

814-332-6899  
Fax: 814-332-6117

Mr. Timothy Kelly, Owner  
TD Kelly Company  
P.O. Box 407  
Zelienople, PA 16063 - 0407

Re: Public Water Supply Permit Transfer  
No. 1000503-T1  
Abbey Woods Homeowners Association Water  
Supply  
Jackson Township, Butler County

Dear Mr. Kelly:

We have transferred the Public Water Supply Permit from Abbey Woods Development to Abbey Woods Homeowners Association Water Supply. The new permit number is 1000503-T1.

If you have any questions concerning this matter, please contact Lucy H. Moussa at the letterhead telephone number.

Sincerely,

Forrest E. Underwood  
Regional Manager  
Water Supply Management

Enclosure

cc: Sanitarian through Supervisor ✓  
L. Moussa  
File  
WSM Hrsbg

FEU:LHM:jb

APR 18 2001

ENVIRONMENTAL PROTECTION  
NEW CASTLE OFFICE

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF WATER SUPPLY MANAGEMENT

**PUBLIC WATER SUPPLY PERMIT**

NO. 1000503-T1

<b>A. PERMITTEE: (Name and Address)</b>  <b>T. D. Kelly Company</b> <b>Abbey Woods Homeowners Assoc. Water Supply</b> <b>P.O. Box 407</b> <b>Zelienople, PA 16063</b>	<b>B. PROJECT/PLANT LOCATION</b>  Municipality <u>Jackson Township</u>  County <u>Butler</u>
--	--

C. THIS PERMIT APPROVES FOR: 1.  CONSTRUCTION 2.  OPERATION OF FACILITIES  
AS INDICATED BELOW: Approved Under Construction Permit No. 1000503

<u>Source</u>	<u>Facilities</u>	<u>BVRB</u>
<input type="checkbox"/> Well(s)	<input type="checkbox"/> Impoundment	<input type="checkbox"/> Bottled Water System
<input type="checkbox"/> Spring(s)	<input type="checkbox"/> Settling	<input type="checkbox"/> Bulk Water Hauling System
<input type="checkbox"/> Surface Water	<input type="checkbox"/> Filtration	<input type="checkbox"/> Vended Water System
<input type="checkbox"/> Finished Water	<input type="checkbox"/> Iron and Manganese Treatment	<input type="checkbox"/> Retail Water Facility
	<input type="checkbox"/> Softening	
	<input type="checkbox"/> Fluoridation	
	<input type="checkbox"/> Distribution Facility	
	<input type="checkbox"/> General Corrosion Control	
	<input type="checkbox"/> Corrosion Control for lead/copper	
	<input type="checkbox"/> Disinfection	
	<input type="checkbox"/> Pump Station(s)	
	<input type="checkbox"/> Transmission Lines	
	<input type="checkbox"/> Finished Water Storage	
	<input type="checkbox"/> Other _____	

KNOWN AS Well Nos. 3 and 4 as additional sources.

**LIMIT OF AUTHORIZATION**

YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109, OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.

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THIS PERMIT IS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43). OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.

THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS None

**PERMIT ISSUED**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Date April 16, 2001

By \_\_\_\_\_

*Forrest E. Underwood*  
Forrest E. Underwood

Regional Manager

Title \_\_\_\_\_

Water Supply Management

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 WATER SUPPLY MANAGEMENT

For Department Use Only

**INTERNAL REVIEW AND RECOMMENDATIONS**

NAME OF APPLICANT TD Kelly Company PROJECT LOCATION Jackson Township, Butler County APPLICATION NUMBER 1000503-T1

**BRIEF DESCRIPTION OF PROJECT AND DISCUSSION** (Use additional sheets if necessary)

The TD Kelly Company has incorporated and changed the name of the facility. However, there is no change of the ownership.

Previous Facility Name: Abbey Woods Development  
 New Facility Name: Abbey Woods Homeowners Association Water Supply

A site inspection of the facility conducted on February 7, 2001 by Luigi DeFrancesco, P.E. and Jack Crook, P.G., Regional Hydrogeologist, revealed compliance with the original permits. Since no violations were found to exist while reviewing the associated permit files and as confirmed by Dana Burk, Sanitarian, the transfer is recommended for approval.

**CURRENT ESTIMATE OF COMPLETION DATE OF PROJECT**

**RECOMMENDATION AND ACTION**

Approve	Return	Refuse	Signature	Date
✓			LUCY H. MOUSSA <i>Lucy H. Moussa</i>	4/11/01
✓			ROBERT J. ROSSI, P.E., P.S. CHIEF OF TECHNICAL SERVICES <i>R. J. Rossi</i>	4-16-01
✓			FORREST E. UNDERWOOD REGIONAL MANAGER <i>F. E. Underwood</i>	4-18-01

**PERMIT CONDITIONS:**

1. STANDARD --
  
2. SPECIAL (Use additional sheets if necessary) --

**Schedule 4.5**

**Litigation**

None.



## **Schedule 4.8**

### **Rights-of-Way or Easements**

To be updated prior to Closing

**Schedule 4.8.1**

**Easement Forms**

DEED OF EASEMENT AND RIGHT OF WAY  
(AND CONSENT OF MORTGAGEE, if applicable)

THIS INDENTURE, made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between

\_\_\_\_\_  
\_\_\_\_\_  
hereinafter referred to as the "Grantor" and Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, having an office for the transaction of business at \_\_\_\_\_, \_\_\_\_\_, Pennsylvania, hereinafter referred to as the "Grantee".

W I T N E S S E T H

The Grantor, in consideration of the covenants and agreements hereinafter recited and the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), the receipt of which is hereby acknowledged, does hereby give, grant and convey unto the Grantee, its successors and assigns, forever, an easement and a free uninterrupted and unobstructed right of way, in, under, across and over the property of the Grantor, situate in City/Borough/Township of \_\_\_\_\_ in \_\_\_\_\_ County, Pennsylvania; said right of way to be \_\_\_\_\_ feet in width and to be \_\_\_\_\_ feet on each side of a center line described as follows: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
or as shown on the sketch attached hereto and made a part hereof, if applicable, for the purpose of installing, laying, operating, maintaining, inspecting, removing, repairing, replacing, relaying and adding to from time to time pipe or pipes, with necessary fittings, appurtenances and attached facilities, including laterals and connections for the transmission and distribution of water.

Together with the right to the Grantee, its successors and assigns, to (i) enter in and upon the premises described above with men and machinery, vehicles and material at any and all times for the purpose of maintaining, repairing, renewing or adding to the aforesaid water pipe lines and

appurtenances, (ii) remove trees, bushes, undergrowth and other obstructions interfering with the activities authorized herein, and (iii) for doing anything necessary, useful or convenient for the enjoyment of the easement herein granted.

The right of the Grantor to freely use and enjoy its interest in the premises is reserved to Grantor, its successors and assigns insofar as the exercise thereof does not endanger or interfere with the construction, operation, and maintenance of Grantee's water pipe lines and attached facilities, except that no building, structure or similar improvements shall be erected within said easement, nor shall the grade or ground cover over Grantee's facilities be substantially altered, without the consent of the Grantee. Notwithstanding the foregoing, no other pipes or conduits shall be placed within ten (10) feet, measured horizontally, from the said water mains except pipes crossing same at right angles, in which latter case, a minimum distance of two (2) feet shall be maintained between the pipes. All sewer pipes shall be laid below the water mains. No excavation or blasting shall be carried on which in any way endangers or unreasonably interferes with the water pipe lines and attached facilities.

TO HAVE AND TO HOLD the above granted easement and right of way unto the same Grantee, its successors and assigns forever.

The Grantee agrees, by the acceptance of this Deed of Easement and Right of Way that, upon any opening made in connection with any of the purposes of this easement and right of way, said opening shall be backfilled and resurfaced to as nearly as possible the same condition as existed when said opening was made, provided that Grantee shall not be obligated to restore landscaping, other than resodding any grass which was removed upon entry, all such work to be done at the expense of the Grantee.

And the said Grantor does covenant with the said Grantee as follows:

1. That the Grantor is the owner in fee simple of the real estate hereby subjected to said easement and right of way, and has good title to convey the same, having acquired said real

estate from \_\_\_\_\_, by deed dated \_\_\_\_\_, and recorded in the Office of the Recorder of Deeds of \_\_\_\_\_ County in Deed Book \_\_\_\_\_, Page \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

2. That the Grantee shall quietly enjoy the said easement and right of way.

3. That the premises hereby subjected to said easement and right of way are subject to no mortgages except \_\_\_\_\_.

(If none, state "No Exceptions.") (If mortgages exist, have attached Consent and Agreement of Mortgagee executed.)

IN WITNESS WHEREOF, the Grantor has duly executed this INDENTURE, all as of the day and year first above written.

ATTEST/WITNESS:

GRANTOR

By \_\_\_\_\_

By \_\_\_\_\_

IN WITNESS WHEREOF, the Grantee has duly executed this INDENTURE, all as of the day and year first above written.

ATTEST:

GRANTEE  
PENNSYLVANIA-AMERICAN WATER COMPANY

By \_\_\_\_\_

By \_\_\_\_\_

PIN/MAP # (if applicable)

**ACKNOWLEDGMENT FOR INDIVIDUAL - GRANTOR**

COMMONWEALTH OF PENNSYLVANIA        }  
COUNTY OF \_\_\_\_\_                    }        SS:

On this, the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_, before me, a Notary Public, personally appeared, \_\_\_\_\_ known to me (or satisfactorily proven) to be the person(s) whose name is subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

In Witness Whereof, I hereunto set my hand and official seal.

Notary Public \_\_\_\_\_

My Commission expires: \_\_\_\_\_

**ACKNOWLEDGMENT FOR CORPORATE - GRANTOR**

COMMONWEALTH OF PENNSYLVANIA        }  
COUNTY OF \_\_\_\_\_                    }        SS:

On this, the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_, before me, a Notary Public, personally appeared, \_\_\_\_\_ as \_\_\_\_\_ of the GRANTOR, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public \_\_\_\_\_

My Commission expires: \_\_\_\_\_

**ACKNOWLEDGMENT FOR PENNSYLVANIA-AMERICAN WATER COMPANY**

COMMONWEALTH OF PENNSYLVANIA        }  
COUNTY OF \_\_\_\_\_                    }        SS:

On this, the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_, before me, a Notary Public, personally appeared, \_\_\_\_\_, known to me as \_\_\_\_\_ of PENNSYLVANIA-AMERICAN WATER COMPANY, a corporation, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public \_\_\_\_\_

My Commission expires: \_\_\_\_\_



CONSENT AND AGREEMENT OF MORTGAGEE (Para. 3 above, if applicable)

The undersigned, \_\_\_\_\_, Mortgagee under a mortgage dated \_\_\_\_\_, recorded in the office of the \_\_\_\_\_ of \_\_\_\_\_ County, in Book \_\_\_\_\_, Page \_\_\_\_\_, et seq., (hereinafter referred to as the "Mortgagee") hereby joins in this Easement and Right of Way for the express purpose of subjecting to the operation and effect of this Easement and Right of Way all of its right, title and interest under the Mortgage and in and to the real property described in this Easement and Right of Way.

Nothing in the foregoing provisions of this Consent and Agreement of Mortgagee shall be deemed in any way to create between any person or entity named in this Easement and Right of Way as "Grantor" and the undersigned any relationship of partnership or joint venture, or to impose upon the undersigned any liability, duty or obligation whatsoever.

Nothing in the within Consent and Agreement shall (a) constitute a waiver by Mortgagee of any of its rights under the Mortgage as against the Mortgagor, and/or (b) in any way release the Mortgagor from its obligation to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Mortgage; and the provisions of the Mortgage shall remain in full force and effect and must be complied with by the Mortgagor.

IN WITNESS WHEREOF, Mortgagee has executed this Consent and Agreement of Mortgagee or cause it to be executed on its behalf by its duly authorized representatives, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

ATTEST:

MORTGAGEE:

By \_\_\_\_\_

By \_\_\_\_\_

ACKNOWLEDGMENT OF MORTGAGEE

COMMONWEALTH OF PENNSYLVANIA      )  
  )      SS:  
COUNTY OF \_\_\_\_\_                )

On this, the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_, before me, a  
Notary                      Public,                      personally                      appeared,  
\_\_\_\_\_ as

\_\_\_\_\_ of the MORTGAGEE \_\_\_\_\_, a  
corporation, known to me or satisfactorily proven to be the person whose name is  
subscribed to the within instrument, and as such officer, being authorized to do so,  
executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public \_\_\_\_\_

My Commission expires: \_\_\_\_\_

**Schedule 4.9**

**Personalty**

None.

**Schedule 4.10**

**Leases**

None.

## **Schedule 4.12**

### **Fire Hydrants**

Abbey Woods has six (6) fire hydrants on St. Ives Way.

**Schedule 4.13**

**Contracts**

None.

**Schedule 4.15**

**Liabilities**

None.

**Schedule 4.16**

**Customer Advances**

None.



**Schedule 8.7**

**Opinion of Counsel**

**See attached.**

[COUNSEL LETTERHEAD]

[DATE]

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

Ladies and Gentlemen:

I have acted as counsel for Abbey Woods Homeowners Association ("Abbey Woods"), a nonprofit corporation, in connection with the execution and delivery by Abbey Woods of the Purchase Agreement dated \_\_\_\_\_, 2015 between Abbey Woods and Pennsylvania-American Water Company ("PAWC"), a Pennsylvania corporation (the "Agreement"). This opinion is delivered to you pursuant to Paragraph 8.7 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 Abbey Woods in connection with the Agreement ("Transaction Documents"), and such documents and records of Abbey Woods, certificates of public officials and of officers of Abbey Woods, 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. Abbey Woods validly exists under the laws of the Commonwealth of Pennsylvania and has all requisite legal power and legal 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 Abbey Woods 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. The Agreement and each of 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 Abbey Woods of the transactions contemplated by the Agreement have been obtained.

4. Neither the execution and delivery of the Agreement and the Transaction Documents by Abbey Woods 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 Abbey Woods 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 Abbey Woods 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 Abbey Woods 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 Abbey Woods, will constitute legal, valid and binding obligations of Abbey Woods, enforceable against it in accordance with their respective terms.

Sincerely,

**Schedule 8.13**

**Rates**

See attached.

PENNSYLVANIA-AMERICAN WATER COMPANY      Canceling 18th and 19th Rev. Page 9  
SCHEDULE OF RATES APPLICABLE TO RATE ZONE 1  
FOR ALL RATE CLASSES EXCEPT INDUSTRIAL

The rates as set forth below will be in effect for service rendered from January 1, 2014 through December 31, 2016.

METER RATES

All water supplied by the Company for any and all purposes, except Industrial, Qualified Private Fire Hydrants and Public Fire Hydrants, shall be metered as hereinafter set forth. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

Service Charges  
For All Rate Classes Except Industrial

All metered customers shall be subject to a monthly service charge, based on the size of meter required to render adequate service. (I)

<u>Size of Meter</u>	<u>Service Charge Per Month Except Other Water Utilities</u>	<u>Service Charge Per Month Other Water Utilities Group A &amp; B</u>
5/8 inch	\$ 15.00	\$ 21.80
3/4 inch	22.70	32.70
1 inch	37.80	54.60
1-1/2 inch	61.70	109.10
2 inch	98.70	174.60
3 inch	184.10	327.30
4 inch	231.20	545.50
6 inch	346.00	1,091.00
8 inch	669.90	1,746.00
10 inch	970.20	2,509.00
12 inch	1,517.50	3,928.00

Consumption Charges For all Rate Classes Except Industrial

The following rates shall apply per 100 gallons.

**Residential**

All at 1.0214 (I)

**Commercial**

First 16,000 gallons .9911, All in excess of 16,000 gallons .7597 (I)

**Municipal**

First 16,000 gallons .9911, All in excess of 16,000 gallons .8153 (I)

**Other Water Utilities**

Group A All at .6730 (I)

Group B All at .8979

**Issued:** December 19, 2013

**Effective:** January 1, 2014

PA American Water & Abbey Woods  
Pro-Forma Balance Sheet  
December 31, 2013  
(Dollars in thousands)

	December 31, 2013 (Audited)	Abbey Woods Acquisition December 31, 2013 (Unaudited)	Pro-forma December 31, 2013
<b>Property, plant and equipment</b>			
Utility plant - at original cost less accumulated depreciation	\$ 3,149,042	\$ 100	\$ 3,149,142
Utility plant acquisition adjustments, net	\$ 14,531		\$ 14,531
Total Non-Utility Plant, net	\$ 235		\$ 235
<b>Total property plant and equipment</b>	<b>\$ 3,163,808</b>	<b>\$ 100</b>	<b>\$ 3,163,908</b>
<b>Current assets</b>			
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
<b>Total current assets</b>	<b>\$ 93,906</b>	<b>\$ -</b>	<b>\$ 93,906</b>
<b>Long-term assets</b>			
Regulatory assets	\$ 182,074		\$ 182,074
Goodwill	\$ 39,782		\$ 39,782
Prepaid Pension Expense	\$ 19,885		\$ 19,885
Other	\$ 554		\$ 554
<b>Total long-term assets</b>	<b>\$ 242,294</b>	<b>\$ -</b>	<b>\$ 242,294</b>
<b>Total assets</b>	<b>\$ 3,500,008</b>	<b>\$ 100</b>	<b>\$ 3,500,108</b>
<b>Capitalization and Liabilities</b>			
<b>Capitalization</b>			
<b>Total stockholder's equity</b>	<b>\$ 1,169,391</b>	<b>\$ -</b>	<b>\$ 1,169,391</b>
Long-term debt	\$ 1,147,870	\$ -	\$ 1,147,870
Preferred stock with mandatory redemption requirements	\$ 10,052		\$ 10,052
<b>Total capitalization</b>	<b>\$ 2,327,313</b>	<b>\$ -</b>	<b>\$ 2,327,313</b>
<b>Current liabilities</b>			
Notes payable - associated companies	\$ 66,728	\$ -	\$ 66,728
Current portion of long-term debt	\$ 5,117	\$ -	\$ 5,117
Other	\$ 116,157	\$ 100	\$ 116,257
<b>Total current liabilities</b>	<b>\$ 188,002</b>	<b>\$ 100</b>	<b>\$ 188,102</b>
<b>Long-term liabilities</b>			
Deferred income taxes	\$ 699,187		\$ 699,187
Regulatory Liabilities	\$ 27,780		\$ 27,780
Other	\$ 129,879		\$ 129,879
<b>Total long-term liabilities</b>	<b>\$ 856,845</b>	<b>\$ -</b>	<b>\$ 856,846</b>
<b>Contributions in aid of construction</b>	<b>\$ 127,848</b>	<b>\$ -</b>	<b>\$ 127,848</b>
<b>Total capitalization and liabilities</b>	<b>\$ 3,500,008</b>	<b>\$ 100</b>	<b>\$ 3,500,108</b>

**PA American Water & Abbey Woods**  
**Pro-forma Income Statement for the 12 Months Ended December 31, 2013**  
(Dollars in thousands)

	PA American Water 12 Months Ended December 31, 2013 Proforma	Abbey Woods Acquisition 12 Months Ended December 31, 2013 Proforma	Pro-forma 12 Months Ended December 31, 2013 Proforma
<b>Operating revenues</b>	<b>\$571,195</b>	<b>\$ 48</b>	<b>\$ 571,243</b>
<b>Operating expenses</b>			
Operation and maintenance	\$200,367	\$ 3	\$ 200,370
Depreciation and amortization	\$87,484	\$ 3	\$ 87,487
General taxes and other	\$12,288	\$ -	\$ 12,288
<b>Total Operating Expenses</b>	<b>\$300,139</b>	<b>\$ 6</b>	<b>\$ 300,145</b>
<b>Operating income</b>	<b>\$271,056</b>	<b>\$ 42</b>	<b>\$ 271,098</b>
<b>Other income (expenses)</b>			
Other income, net	(\$235)	-	\$ (235)
Interest expense, net	(62,771)	\$ 13	\$ (62,758)
Taxes	-	\$ 9	\$ 9
Total Other Expenses	(63,005)	\$ 22	\$ (62,983)
<b>Income before income taxes</b>	<b>\$208,051</b>	<b>\$ 20</b>	<b>\$ 208,071</b>
<b>Provision for income taxes</b>	<b>\$85,957</b>	<b>\$ -</b>	<b>\$ 85,957</b>
<b>Net income</b>	<b>\$122,094</b>	<b>\$ 20</b>	<b>\$ 122,114</b>

PENNSYLVANIA-AMERICAN WATER COMPANY

I, E.T. HICKS, Assistant Secretary of Pennsylvania-American Water Company, a Pennsylvania corporation, (the "Company") DO HEREBY CERTIFY that below is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company at a meeting thereof duly convened and held on February 18, 2015, at which meeting a quorum was present and acting throughout, and that such resolutions have not been amended or rescinded and are still in full force and effect:

RESOLVED, that the officers of the Company be, and they hereby are, authorized to purchase the assets of the Abbey Woods Homeowners Association water system; and

RESOLVED, that any and all actions previously taken by such proper officers of the Company in executing and delivering to Abbey Woods Homeowners Association an agreement to purchase assets of the Abbey Woods Homeowners Association water system are ratified, confirmed and approved; and

RESOLVED, that the proper officers including but not limited to the President or a Vice President of the Company be, and hereby are, authorized and directed to execute and deliver any and all documents, make all filings and do any other thing which they may deem necessary, proper or desirable to effectuate the purposes of the foregoing resolution, and to carry out the closing of the purchase of the Abbey Woods Homeowners Association water system.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of this Company this 7<sup>th</sup> day of March, 2015.

  
Assistant Secretary



Abbey Woods Resolutions  
to be filed upon receipt

**Exhibit H**

**PENNSYLVANIA-AMERICAN WATER COMPANY**      **Canceling 18th and 19th Rev. Page 9**  
**SCHEDULE OF RATES APPLICABLE TO RATE ZONE 1**  
**FOR ALL RATE CLASSES EXCEPT INDUSTRIAL**

The rates as set forth below will be in effect for service rendered from January 1, 2014 through December 31, 2016.

**METER RATES**

All water supplied by the Company for any and all purposes, except Industrial, Qualified Private Fire Hydrants and Public Fire Hydrants, shall be metered as hereinafter set forth. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

**Service Charges**  
**For All Rate Classes Except Industrial**

All metered customers shall be subject to a monthly service charge, based on the size of meter required to render adequate service. (I)

<u>Size of Meter</u>	<u>Service Charge Per Month Except Other Water Utilities</u>	<u>Service Charge Per Month Other Water Utilities Group A &amp; B</u>
5/8 inch	\$ 15.00	\$ 21.80
3/4 inch	22.70	32.70
1 inch	37.80	54.60
1-1/2inch	61.70	109.10
2 inch	98.70	174.60
3 inch	184.10	327.30
4 inch	231.20	545.50
6 inch	346.00	1,091.00
8 inch	669.90	1,746.00
10 inch	970.20	2,509.00
12 inch	1,517.50	3,928.00

**Consumption Charges For all Rate Classes Except Industrial**

The following rates shall apply per 100 gallons.

**Residential**

All at 1.0214 (I)

**Commercial**

First 16,000 gallons .9911, All in excess of 16,000 gallons .7597 (I)

**Municipal**

First 16,000 gallons .9911, All in excess of 16,000 gallons .8153 (I)

**Other Water Utilities**

Group A All at .6730 (I)

Group B All at .8979

**Issued: December 19, 2013**

**Effective: January 1, 2014**

SCHEDULE OF RATES APPLICABLE TO RATE ZONE 1  
FOR INDUSTRIAL RATE CLASS

METER RATES

All water supplied by the Company for Industrial purposes shall be metered as hereinafter set forth. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

Service Charges  
For Industrial Rate Class

All metered customers shall be subject to a monthly service charge, based on the size of meter required to render adequate service. (I)

<u>Size of Meter</u>		<u>Per Month</u>
5/8	inch	\$ 21.80
3/4	inch	32.70
1	inch	54.60
1-1/2	inch	109.10
2	inch	174.60
3	inch	327.30
4	inch	545.50
6	inch	1,091.00
8	inch	1,746.00
10	inch	2,509.00
12	inch	3,930.00

Consumption Charges For Industrial Rate Class

(I)

The following rates shall apply per 100 gallons per month.

<u>Industrial</u>		<u>Industrial Curtailment*</u>	
First 16,000	.9898	First 16,000	.9898
Next 584,000	.7398	Next 584,000	.7398
All in Excess		Next 14,400,000	.5866
of 600,000	.5866	All In Excess	
		Of 15,000,000	.3962

\* Subject to the availability criteria and terms and conditions of the industrial curtailment rate (pages 9A1 and 9A2, hereof), the foregoing rates shall apply per 100 gallons per month for service provided under the Industrial Curtailment Rate.

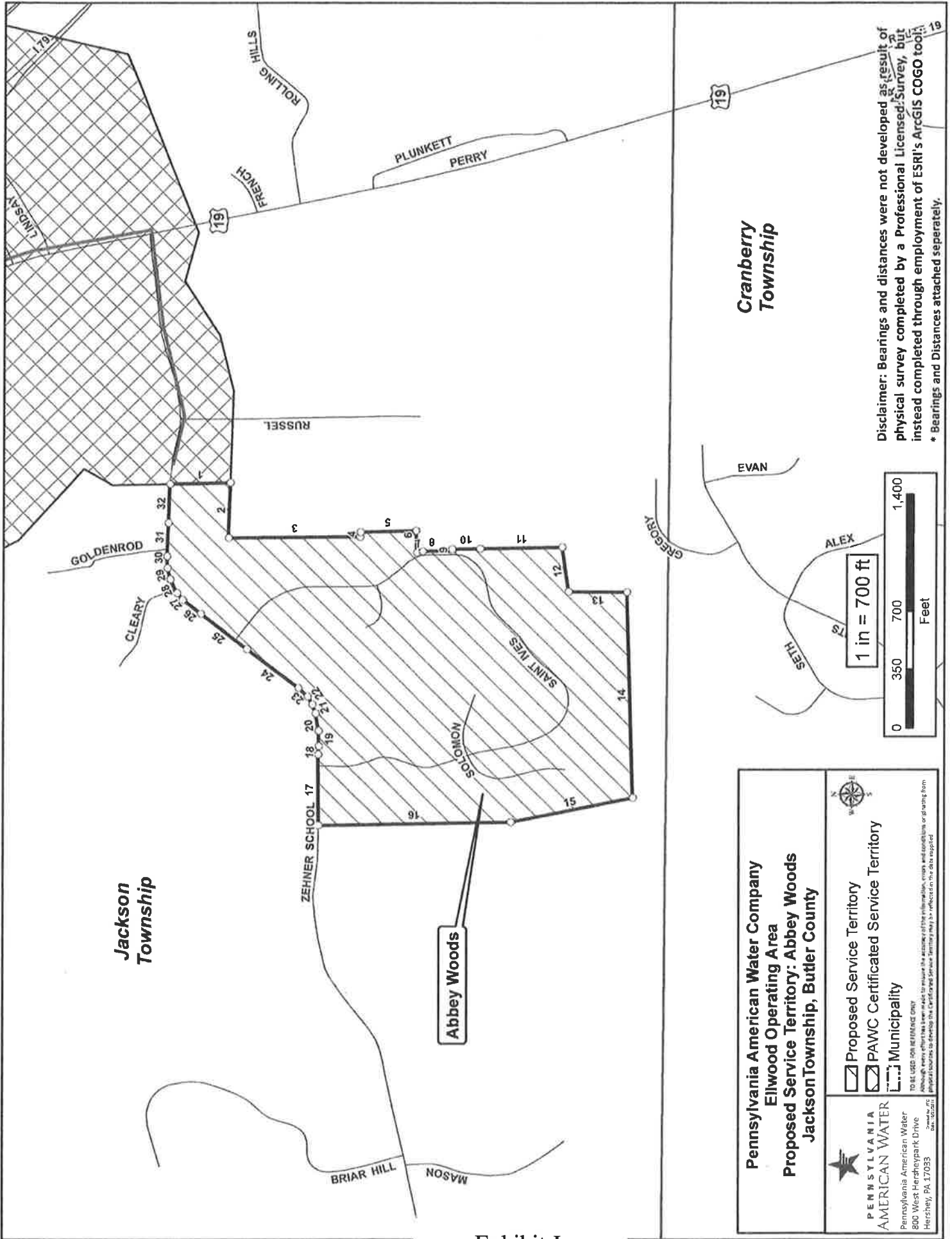


Exhibit J

**Pennsylvania American Water Company**  
**Ellwood Operating Area**  
**Proposed Service Territory: Abbey Woods**  
**Jackson Township, Butler County**

<p><b>PENNSYLVANIA AMERICAN WATER</b>          Pennsylvania American Water          800 West Herdyspark Drive          Hershey, PA 17033  <small>© 2010 PAWC</small></p>	
	<ul style="list-style-type: none"> <li> Proposed Service Territory</li> <li> PAWC Certified Service Territory</li> <li> Municipality</li> </ul> <p><small>TO BE USED FOR REFERENCE ONLY          This map is for informational purposes only. It is not intended to be used as a legal document. The actual service territory may vary from what is shown on this map. The actual service territory may be subject to change without notice.</small></p>

1 in = 700 ft



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

**Bearings & Distances: Proposed Service Area - Abbey Woods Water System**

<b>From</b>	<b>To</b>	<b>Bearing</b>	<b>Distance (ft)</b>
1	2	S1°13'08"E	364.9482
2	3	N88°02'31"W	330.4775
3	4	S0°31'07"E	779.8705
4	5	S88°31'52"E	27.5328
5	6	S1°26'17"E	337.4482
6	7	S88°28'06"W	132.0198
7	8	S12°59'41"E	37.6628
8	9	S0°55'40"E	174.3397
9	10	N90°00'00"E	10.586
10	11	S0°58'31"E	165.872
11	12	S0°54'34"E	489.1368
12	13	S81°26'49"W	270.4821
13	14	S0°06'57"W	349.3401
14	15	S88°17'56"W	1236.2889
15	16	N11°14'08"W	746.1488
16	17	N1°01'16"W	1148.4152
17	18	N89°42'56"E	426.2699
18	19	S85°10'10"E	50.2859
19	20	N88°15'51"E	93.1999
20	21	N80°36'06"E	103.724
21	22	N71°47'29"E	56.4633
22	23	N59°16'52"E	56.6439
23	24	N42°44'22"E	75.9118
24	25	N37°17'31"E	383.2252
25	26	N37°40'54"E	348.6687
26	27	N38°20'19"E	137.6638
27	28	N49°18'58"E	53.0477
28	29	N62°50'25"E	91.2176
29	30	N75°06'23"E	68.6453
30	31	N87°43'55"E	71.3352
31	32	S87°11'16"E	201.3774
32	1	S87°54'40"E	232.3416

**SERVICE AREA IDENTIFICATION  
ABBEY WOODS HOMEOWNER'S ASSOCIATION  
WATER SYSTEM**

The Abbey Woods Homeowner's Association water system is located approximately 2,700 feet west of Route 19. The exact location of the service area is reflected on the map contained in Exhibit I. The service area was identified by the planar coordinates based on the Pennsylvania State Plane System.

Estimated Annual Revenues and Expenses

Revenues- \$48,000

Expenses (excluding Interest, Taxes, Depreciation & Amortization) - \$3,000