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March 20, 2015

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

**Re: Bulk Waters Sales Agreement between Pennsylvania-American
Water Company and Municipal Authority of Westmoreland County**

Dear Ms. Chiavetta:

On behalf of Pennsylvania American Water, I am electronically filing with you, according to Section 507 of the Public Utility Code, a copy of the above referenced agreement.

Very truly yours,

Susan Simms Marsh

Enclosure

BULK WATER PURCHASE AGREEMENT

This Agreement made this 11th day of March 2015, by and between Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with offices at 800 West Hershey Park Drive, Hershey, PA 17033, hereinafter referred to as "Buyer"

AND

MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, including, but not limited to the Municipality Authorities Act of 1945, as amended, and having offices at 124 Park & Pool Road, New Stanton, Pennsylvania, 15672, hereinafter referred to as "Seller"

WITNESSETH, that for and in the consideration of the sum of **ONE AND 00/100 (\$1.00) DOLLAR** in the hand paid by the Buyer, the receipt and sufficiency of which is hereby acknowledged and the covenants contained herein, the Seller does hereby agree to sell and the Buyers hereby agree to purchase potable, filtered, fluoridated and chloraminated water under the terms and conditions set out below. Each party recognizes that time is of the essence in achieving the requirements contained within this agreement. The improvements necessary to provide service must be operational prior to the Commencement Date of this Agreement.

1) POINTS OF DELIVERY AND METERING

The Seller shall provide water at a minimum pressure of 100 pounds per square inch (psi) at the locations shown on the attached Exhibit A. Seller agrees to provide Buyer with fluoridated water at only the new connection and water provided at all existing connections will be provided without fluoride. Billing shall be based upon a meter to be located at the "New PAWC Booster Station" as shown on Exhibit "A" attached hereto and made a part hereof in accordance with Section 4, as well as all existing meters. The meters shall be and remain the property of Seller. The Seller will test the meters once per calendar year and provide meter test results to the Buyer within 30 days of receiving the results. The Buyers may have the accuracy of the meters checked at any time, at the requesting Buyers' sole expense.

Seller agrees to provide Buyer with a Right of Way/Easement for Buyer to construct and operate the booster pump station and 20-inch pipeline that will deliver the water from the point of new connection to the Buyer's existing pipeline.

2) WATER VOLUMES

The Buyer shall purchase a combined minimum of two million (2,000,000) gallons per day. The Seller agrees to sell and the Buyer agrees to purchase a minimum quantity of seven hundred thirty million (730,000,000) gallons per year. However, the maximum amount of water delivered on any given day shall not exceed three million (3,000,000) gallons per day without

prior approval of the Seller. Within 30 days after the conclusion of each year anniversary under this agreement, the Buyer shall notify the Seller of the election to purchase either a minimum quantity of seven hundred thirty million (730,000,000) gallons per year or five hundred forty seven million five hundred thousand (547,500,000) gallons per year. If Buyer fails to make such election within 30 days, the election of the minimum quantity of the previous year shall continue until changed in a subsequent year.

3) PRICE

The Buyer shall begin paying to the Seller the amount of \$2.25 per thousand gallons of water for all water supplied (based on an annual minimum quantity of 730,000,000 gallons). The price of \$2.25 shall remain fixed for the initial first year period of this Agreement. Thereafter the rate will be increased by 1% on each and every year anniversary of the Commencement date. In year two or any year thereafter, the Buyer may elect to purchase a minimum quantity of five hundred forty seven million five hundred thousand (547,500,000) gallons per year. The rate for the minimum purchase of five hundred forty seven million five hundred thousand (547,500,000) gallons shall be \$2.33 per thousand gallons of water and shall be increased by 1% each year thereafter. The applicable rates for each minimum quantity purchased along with the annual escalated price per thousand gallons of water is illustrated in Exhibit B and is incorporated herein. The parties agree and understand that the prices set forth in this paragraph shall constitute the base year price and that such base year price shall increase by 1% each year throughout the lifetime of this contract regardless of which price applies in any single calendar year.

4) BILLING

The Seller shall provide a separate bill to the Buyer monthly based upon consumption shown on the meters described in section 1 above, at the rates stipulated and in effect at that time in section 3 above.

The Buyer shall pay to Seller the amount of their respective bills within twenty (20) days after receipt of the bills.

If ever the Annual Daily Average purchases of Buyer fall below two million (2,000,000) gallons per day, Buyer will pay to the Seller their portion of the differential shortfall based on the annual consumption at each and every anniversary of the commencement date except as noted in paragraph 2 above.

The Annual Daily Average for water purchased will be determined by taking the Buyers combined annual total usage amount billed for the year and dividing by 365 days based on twelve months ending at the anniversary of the commencement date and each year thereafter. The total volume of water delivered will be reconciled no later than two (2) months following the end of the twelve (12) month period described herein.

5) DURATION

It is further agreed that this Agreement will be for a period of twenty five (25) years. The commencement date of this Agreement will be considered to be May 2, 2016, unless a different date is subsequently agreed to mutually by both parties. Either party may terminate this agreement by providing written notice to the other party no later than 60 months before the expiration of this agreement. If either party fails to notify in writing the other party prior to 60 months of their intent to terminate this agreement, the agreement shall automatically be renewed for a period of ten (10) years under the same terms and conditions of the original agreement.

6) WATER QUALITY

The Seller shall at all times provide high quality, good tasting potable water, meeting or exceeding all requirements of the Safe Drinking Water Act, and all applicable State and federal Regulations. The Seller further agrees that water provided under this agreement will contain a minimum of 1.0 ppm total chlorine residual with a 30 day minimum average of 1.5 ppm. The water provided will meet the range of fluoride designated in the permit obtained from the Pennsylvania Department of Environmental Protection (PA DEP). The Seller will provide fluoridation at the new inter-connect point. The Seller will provide the necessary equipment to chloramine the Buyer's portion of the plant effluent leaving the Seller's facility.

7) CHANGES IN REGULATORY REQUIREMENTS

Should a change occur in regulatory requirements relating to the method of treatment requiring additional capital expenditures in excess of \$5,000,000.00, in total (inclusive of engineering), the Seller shall have the right to renegotiate a price based upon such increases in cost. The Seller agrees that any increases related to capital improvements will be for current Treatment Plant Improvements only and shall not include improvements and acquisitions that are not directly necessary for the treatment of water to Buyer. The Buyers' portion of the improvement costs shall be calculated as a percentage of the amount of water sold to all of the Seller's customers versus the amount of water sold to the Buyer. The Buyer shall have the right to pay for the cost of improvements as opposed to a rate increase. The Buyer shall have the right to accept such increase, or to arbitrate the amount thereof utilizing Statutory Arbitration procedures set forth in 42 Pa. C.S.A. §7301 et seq. and Section 16 of this Agreement.

8) MAINTENANCE AND OWNERSHIP OF LINES AND APPURTENANCES

Seller shall be responsible for maintenance of all lines, pump stations, tanks and appurtenances located to the point of connections shown on Exhibit A. All facilities located downstream of the interconnection meters shall be maintained by Buyer.

9) OPERATIONAL CONTROL

All parties agree to share information regarding the status of their individual operations. Such information shall include but not be limited to pump flow, pressures, chemical feed rates, residual values, and tank levels at various points in their systems.

10) WATER EMERGENCY

The obligation of Seller to deliver to Buyer is limited by the understanding that while Seller will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in its supply of water to Buyer, Seller does not guarantee that such interruptions or fluctuations will not occur or that because of emergencies due to breaks, leaks, defects, or necessary repairs to its facilities, or because of strikes or acts of God, or other causes beyond its control there may be periods during which it may be unable to deliver such quantity of water as Buyer requires.

11) NOTICES

Notices required herein or as may be necessary during this Agreement shall be deemed made if sent to the parties at the following addresses. A party may change its address by notifying the other via certified mail.

Municipal Authority of Westmoreland County
124 Park & Pool Road
New Stanton, PA 15672

Pennsylvania-American Water Company
P.O. Box 1290
300 Galley Road
McMurray, PA 15317

12) MODIFICATIONS

This Agreement constitutes the entire Agreement between the parties, which would include the Agreement dated January 6, 1993 between the Municipal authority of Westmoreland County and the Pennsylvania American Water Company which the parties agree will be null and void upon the commencement of the sale of water under this Agreement. This Agreement is intended to act as a bar and merger of all prior oral discussions and representations. Modifications hereto shall only be made in writing, approved at separate public meetings of the Seller and each of the Buyers and signed by the appropriate officers.

13) PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

The parties recognize and expressly agree that the consummation of this transaction is conditioned upon the Pennsylvania Public Utility Commission ("Pennsylvania PUC") approval of the agreement. The Buyer covenants and agrees to file the Agreement and faithfully defend if

necessary the Agreement in any proceedings (and Seller agrees to cooperate in such proceedings) in order to obtain the approval of the Pennsylvania PUC. This provision shall not submit the Seller to any further jurisdiction of the Pennsylvania PUC than is absolutely necessary to proceed pursuant to this Agreement. The Seller does not, by this Agreement subject itself to the jurisdiction of the Pennsylvania PUC.

14) OTHER REGULATORY APPROVALS

The parties recognize and expressly agree that the consummation of the transaction is conditioned upon receiving all necessary permits and approvals required by PA DEP and any other state or local agencies, including but not limited to: (1) the issuance by the PA DEP to Buyer of a Public Water Supply Permit for the construction and operation of the interconnection and booster station facilities; (2) the issuance by PA DEP to Buyer of a Subsidiary Water Allocation Permit; and (3) the issuance by PA DEP to Seller of a Public Water Supply Permit for changes necessary to provide the purchased water services under this Agreement, or such other documentation as may serve the same purpose under a successor statute, that is not inconsistent with the terms of this Agreement.

Each party to this agreement will bear their own costs of obtaining their necessary permits under this Agreement. Furthermore each party agrees to provide any information needed by the other party for submission to PA DEP or any other regulatory or governmental agency in connection with securing permits necessary to fulfill the Agreement.

15) BUYER WARRANTY

The Buyer hereby warrants its eligibility to purchase water from Seller and further acknowledges that it is not party to any agreement which would preclude the Seller from supplying water to the Buyer pursuant to the terms in this agreement. In the event that the Seller is require to defend against any claim brought by any party alleging that this agreement violates any existing agreement to supply water to the Buyer, the Buyer agrees to indemnify and hold harmless the Seller for any damages and/or cost of defense that may arise from such claim.

16) DISPUTES

In the event of the breach of this Agreement by either party, the non-breaching party may pursue any appropriate remedy at law or in equity before any court of competent jurisdiction.

Should the parties hereto be unable to agree for period in excess of sixty (60) days as to the interpretation of any item in this Agreement, then, upon written demand of either party, the matter shall be submitted to arbitration in the following manner pursuant to the following provisions:

- A. Notice of a claim of party stating the nature thereof and requesting negotiation with regard thereto shall be given, in writing, to the other party as set forth hereinabove regarding interpretation;
- B. Anytime after the expiration of sixty (60) days from the date of giving such notice, submission of the dispute to arbitration may be demanded by either party. Such a demand shall be in writing, as it set forth herein.
- C. Within fifteen (15) days from the receipt of such a written demand for arbitration, each party shall proceed in accordance with the rules of the American Arbitration Association in effect at the time and begin the process of striking from a list of respective arbitrators provided by the American Arbitration Association, as more fully set forth in their selection procedure for arbitration of complex commercial cases. It is further mutually agreed that the parties shall strike from said list and agree to one (1) neutral arbitrator, who shall be selected from the striking process hereinabove set forth.
- D. In the event that either party fails to select the arbitrator within fifteen (15) days of the demand for arbitration, either party may apply to the Motion Judge of the Court of Common Pleas of Westmoreland County, Pennsylvania for the appointment of a neutral arbitrator. The appointment of such arbitrator shall be final and binding on the party hereto.
- E. The arbitrator as selected by the parties pursuant to the American Arbitration Association or appointed by the Court by virtue of default by one of the parties shall hear the matter and dispute and shall file written findings and a decision within sixty (60) days from the submission of the dispute to him/her, unless such time is extended by mutual consent of the parties in writing. The decision of the arbitrator shall be final and binding upon the parties hereto, their successors and assigns.
- F. The arbitrator shall be limited to interpretation of the contract, this Agreement and disputes arising from this Agreement.
- G. The Agreement herein among the parties, and any other written agreement to arbitrate referred to herein, shall be specifically enforceable under the Statutory Arbitration procedures set forth in Pa. C.S.A §7301, et seq.
- H. Each party shall pay an equal share of the cost of arbitration.

17) ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and to the respective successors or assigns thereof. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give to any person, firm, corporation, or association other than the parties hereto, any right, remedy or claim, under or by reason of the

Agreement or any covenant, condition or stipulation thereof; and this Agreement and covenants, conditions and stipulations set forth herein are and shall be for the sole and exclusive benefit of the parties hereto, their respective successors and assigns. None of the parties hereto shall assign or sublet this Agreement or any of its rights hereunder without the prior written consent of the parties hereto.

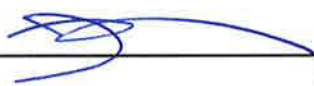
18) SEVERABILITY

If any sentence, clause, section, or part of this contract is for any reason found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this contract. It is hereby declared as the intent of the parties that this contract would have been adopted had such unconstitutional, illegal or invalid clause, section or part thereof not been included herein.

IN WITNESS WHEREOF, Seller and Buyers, with full authorization following approval at their respective Authority's public meetings, and intending to be legally bound hereby, have hereunto set their respective hands and seals the day and year first above written.

**MUNICIPAL AUTHORITY OF
WESTMORELAND COUNTY**

ATTEST:



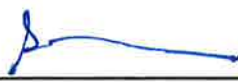
Secretary (Seal)

By: 

Chairman

**PENNSYLVANIA- AMERICAN
WATER COMPANY**

ATTEST:



Secretary (Seal)

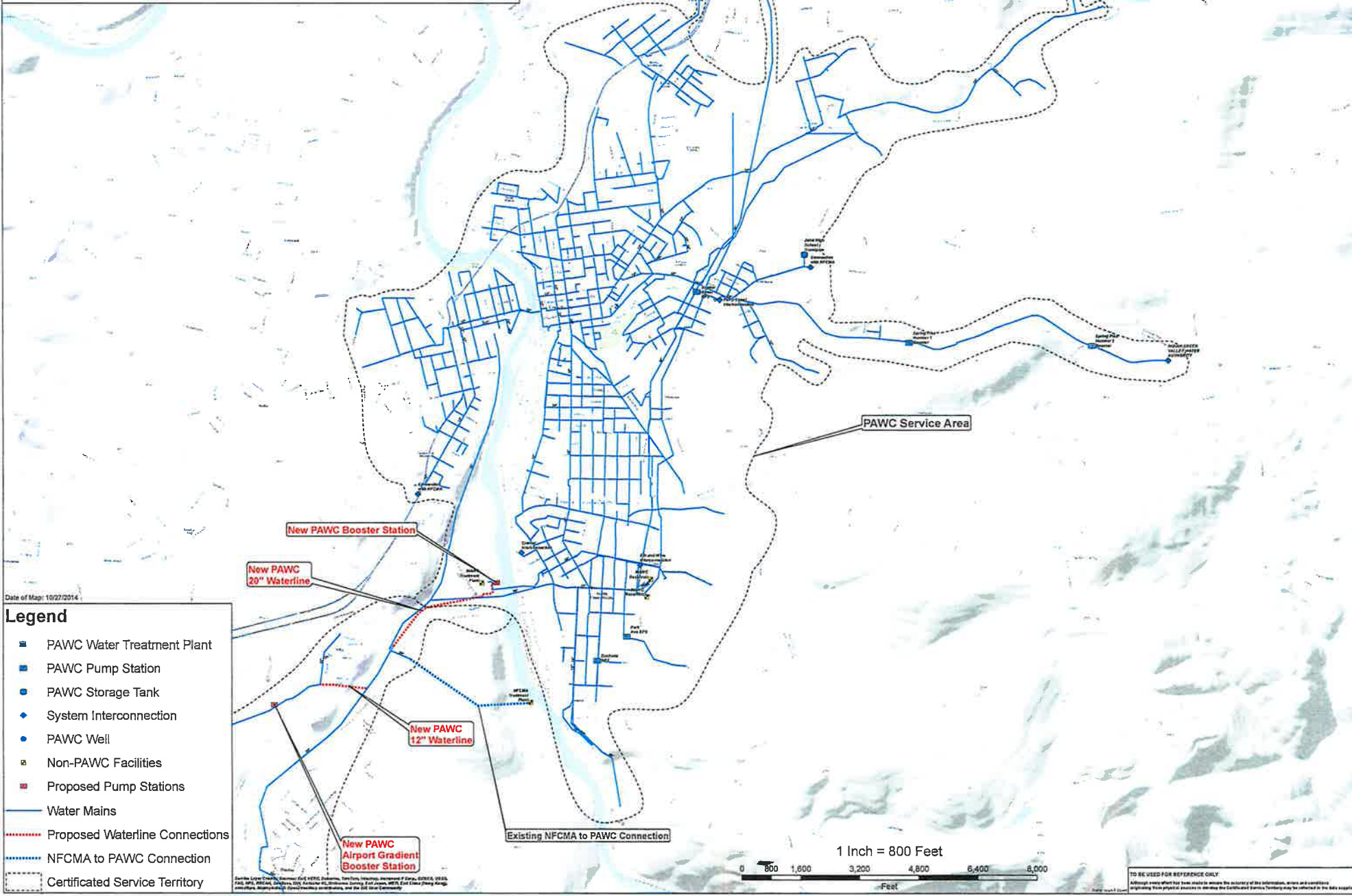
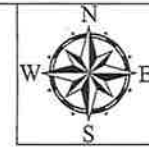
By: 

Chairman
V.P. Operations

EXHIBIT B – ANNUAL PRICE SCHEDULE

Year	Rate if minimum purchase is 730 million gallons per year	Rate if minimum purchase is 547.5 million gallons per year
1	2.25	2.33
2	2.27	2.35
3	2.30	2.38
4	2.32	2.40
5	2.34	2.42
6	2.36	2.45
7	2.39	2.47
8	2.41	2.50
9	2.44	2.52
10	2.46	2.55
11	2.49	2.57
12	2.51	2.60
13	2.54	2.63
14	2.56	2.65
15	2.59	2.68
16	2.61	2.71
17	2.64	2.73
18	2.66	2.76
19	2.69	2.79
20	2.72	2.81
21	2.75	2.84
22	2.77	2.87
23	2.80	2.90
24	2.83	2.93
25	2.86	2.96

**Exhibit A:
Municipal Authority of West Moreland County (MAWC)
And Pennsylvania American Water Company (PAWC)
Purchase Water Agreement**



Date of Map: 10/27/2014

Legend

- PAWC Water Treatment Plant
- PAWC Pump Station
- PAWC Storage Tank
- ◆ System Interconnection
- PAWC Well
- Non-PAWC Facilities
- Proposed Pump Stations
- Water Mains
- - - Proposed Waterline Connections
- - - NFCMA to PAWC Connection
- - - Certificated Service Territory

New PAWC 20" Waterline

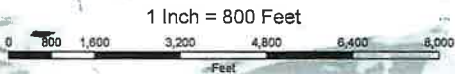
New PAWC 12" Waterline

New PAWC Booster Station

New PAWC Airport Gradient Booster Station

Existing NFCMA to PAWC Connection

PAWC Service Area



TO BE USED FOR REFERENCE ONLY
Although every effort has been made to ensure the accuracy of this information, which is conditional on engineering from physical sources to establish the location and names, the user may be advised of the data supplied.