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April 10, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Filing Room
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Continental Communities, LLC and Hickory Hills MHC, LLC, Docket No. C-2015-2468131; **ANSWER AND NEW MATTER**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is Continental Communities, LLC and Hickory Hills MHC, LLC, Answer and New Matter filed in the above-captioned docket. Copies of this document have been served in accordance with the attached Certificate of Service.

Thank you for your consideration in this matter. Please do not hesitate to contact me if you have any questions or concerns.

Very truly yours,



Kevin J. McKeon
*Counsel for Continental Communities, LLC
and Hickory Hills MHC, LLC*

KJM/jld
Enclosure
cc: Per Certificate of Service



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Dated: April 10, 2015

*Counsel for Continental Communities, LLC
and Hickory Hills, MHC, LLC*

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement,

Complainants,

v.

Continental Communities, LLC and Hickory
Hills, MHC, LLC

Respondents.

Docket No. C-2015-2468131

ANSWER AND NEW MATTER

Respondents Continental Communities, LLC (“Continental Communities”) and Hickory Hills, MHC, LLC (“Hickory Hills”) (collectively, “Respondents”), hereby answer the Complaint and allege new matter as follows:

Parties and Jurisdiction

1. Admitted.
2. Admitted.
3. Admitted.
4. Denied as stated. Continental Communities, LLC is a limited liability company formed under the laws of the State of Delaware.
5. Denied as stated. Hickory Hills MHC, LLC is a limited liability company formed under the laws of the State of Delaware.

6. It is denied that Continental Communities is or ever was a “pipeline operator” within the meaning of the Act of December 22, 2011, P. L. 586, No. 127, 58 P.S. §§ 801.101-801.1101 (Act 127) because Continental Communities does not now and has never owned or operated “equipment or facilities in this Commonwealth for the transportation of gas or hazardous liquids by pipeline or pipeline facility regulated under Federal pipeline safety laws.” 58 P.S. § 801.102. Further, even if the Commission were to impute to Continental Communities ownership or operation of the equipment or facilities owned by Hickory Hills on February 14, 2014, Hickory Hills was exempt from registration with the Commission pursuant to the provisions of 58 P.S. §§ 801.301(e).

It is denied that Hickory Hills is presently a “pipeline operator” within the meaning of Act 127 because Hickory Hills ceased operating pipeline facilities it owned and operated on its premises on March 25, 2014, abandoned the propane distribution system on April 10, 2014, and removed the propane tank on May 8, 2014. It is further denied that Hickory Hills was ever a “pipeline operator” for purposes of registration with the Commission within the meaning of the provisions of the Act 127 because Hickory Hills had previously been registered under the Act of June 19, 2002 (P.L. 421, No. 61), 35 P.S. §§ 1329.1- 1329.19, known as the Propane and Liquefied Petroleum Gas Act, and Act 127 exempts entities so registered from registration with the Commission.

7. The allegations of Paragraph 7 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 speak for themselves.

8. The allegations of Paragraph 8 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 speak for themselves.

9. The allegations of Paragraph 9 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 speak for themselves.

10. The allegations of Paragraph 10 are conclusions of law to which no response is required. By way of further answer, the cited federal regulations speak for themselves.

11. The allegations of Paragraph 11 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 speak for themselves.

12. The allegations of Paragraph 12 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 and the Public Utility Code speak for themselves.

13. The allegations of Paragraph 13 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 speak for themselves.

14. Denied. Respondents incorporate by reference their response to Paragraph 6 above. All of the other allegations of Paragraph 14 are conclusions of law to which no response is required. By way of further answer, the provisions of Act 127 speak for themselves.

15. The allegations of Paragraph 15 are conclusions of law to which no response is required. By way of further answer, the provisions in the cited Commission regulations and the cited federal regulations speak for themselves.

16. It is denied that the Commission has jurisdiction over the actions of Continental Communities, because Continental Communities is not now and never has been a pipeline operator within the meaning of Act 127; Continental Communities incorporates by reference its response to Paragraph 6 above. All of the other allegations of Paragraph 16 are conclusions of law to which no response is required.

Background

17. Respondents lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 17 and therefore deny same.

18. It is admitted that a representative of the Commission was present at Hickory Hills on February 18, 2014. Respondents lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 18 and therefore deny same.

19. It is admitted that Mr. Chilek was present at Hickory Hills on February 20, 2014. Respondents lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 19 and all of its subparts (a) - (w) (i.e., a recitation of what the Gas Safety Division determined on the basis of its investigation) and therefore deny same. To the extent relevant, facts concerning Hickory Hills' operation and maintenance of the propane pipeline distribution system before the February 14, 2014 explosion and fire at 118 Hickory Hills Dr. are asserted in New Matter.

Legal Standards

20. The allegations of Paragraph 20, to the extent they recite interpretations of federal regulations, are conclusions of law to which no response is required. By way of further answer, the provisions in the cited federal regulations speak for themselves. To the extent the remaining allegations of Paragraph 20 describe the thought processes of the Gas Safety Division, Respondents lack knowledge or information sufficient to form a belief as to their truth and therefore deny same.

21. It is denied that Continental Communities has ever "owned and operated" equipment for the transportation of propane gas by pipeline in Pennsylvania; Continental Communities incorporates by reference its response to Paragraph 6 above. It is admitted that Hickory Hills owned and operated approximately two miles of equipment and facilities in Pennsylvania for the transportation of propane gas by pipeline prior to and after the time Act 127

became effective. Hickory Hills ceased operating those facilities on March 25, 2014, has not operated them since, and has no intent to operate them in the future.

22. It is denied that Continental Communities has any obligation under Act 127. The remaining allegations of Paragraph 22 are conclusions of law to which no response is required.

23. It is admitted that neither Continental Communities nor Hickory Hills registered with the Commission as a pipeline operator. The remaining allegations of Paragraph 23 are conclusions of law to which no response is required. By way of further answer, it is specifically denied that either Continental Communities or Hickory Hills had any obligation to register, for the reasons set forth in Paragraph 6 above.

24. Respondents lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 24 and therefore deny same.

25. Respondents lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 25 and therefore deny same.

Violations

26. Paragraphs 1-25 are incorporated by reference. Respondent Continental Communities expressly denies that it is subject to any duty or requirement of any kind under Act 127 or the federal regulations cited in subparagraphs (a) – (s) of Paragraph 26. With respect to subparagraphs (a) – (s) of Paragraph 26, Hickory Hills responds as follows:

- a. It is admitted that Hickory Hills did not register its pipeline facilities with the Commission; it is denied that Hickory Hills had an obligation to register. All of the other allegations of subparagraph (a) are conclusions of law to which no response is required.

- b. It is admitted that Hickory Hills did not report its total pipeline mileage to the Commission; it is denied that Hickory Hills had an obligation to so report. All of the other allegations of subparagraph (b) are conclusions of law to which no response is required.
- c. It is admitted that Hickory Hills did not pay an assessment to the Commission; it is denied that Hickory Hills had an obligation to pay an assessment as the Commission never levied an assessment. All of the other allegations of subparagraph (c) are conclusions of law to which no response is required.
- d. The allegations of subparagraph (d) are conclusions of law to which no response is required. By way of further answer, Hickory Hills' maintenance staff, in conjunction with monthly meter reads, kept a written record of the potential need for repairs and used it as a basis for following up promptly with pipeline system repairs as needed.
- e. The allegations of subparagraph (e) are conclusions of law to which no response is required.
- f. The allegations of subparagraph (f) are conclusions of law to which no response is required.
- g. The allegations of subparagraph (g) are conclusions of law to which no response is required. By way of further answer, Hickory Hills maintained a map of pipeline facility repairs and replacements.
- h. The allegations of subparagraph (h) are conclusions of law to which no response is required. By way of further answer, Hickory Hills' maintenance staff, in conjunction with monthly meter reads, kept a written record of potential need for

repairs and used it as a basis for following up promptly with pipeline system repairs as needed.

- i. The allegations of subparagraph (i) are conclusions of law to which no response is required.
- j. The allegations of subparagraph (j) are conclusions of law to which no response is required. By way of further answer, Hickory Hills reviewed pipeline work done by operators and service personnel to assure its adequacy.
- k. The allegations of subparagraph (k) are conclusions of law to which no response is required. By way of further answer, Hickory Hills employed licensed third party contractors to perform all trenchwork and line replacements.
- l. The allegations of subparagraph (l) are conclusions of law to which no response is required. By way of further answer, it was Hickory Hills' procedure to respond to all reports of gas odor by having its maintenance staff check for gas leaks with gas leak detection equipment.
- m. The allegations of subparagraph (m) are conclusions of law to which no response is required. By way of further answer, Hickory Hills' personnel maintained relationships with the police, fire department and the Moore Township zoning officer; all three had keys to Hickory Hills' back gate for access in the event of an emergency, and periodic meetings with fire department personnel were held on site to discuss safety issues.
- n. The allegations of subparagraph (n) are conclusions of law to which no response is required. By way of further answer, Hickory Hills' personnel maintained relationships with the police, fire department and the Moore Township zoning

officer; all three had keys to Hickory Hills' back gate for access in the event of an emergency, and periodic meetings with fire department personnel were held on site to discuss safety issues.

- o. The allegations of subparagraph (j) are conclusions of law to which no response is required. By way of further answer, Hickory Hills' personnel maintained relationships with the police, fire department and the Moore Township zoning officer; all three had keys to Hickory Hills' back gate for access in the event of an emergency, and periodic meetings with fire department personnel were held on site to discuss safety issues.
- p. The allegations of subparagraph (p) are conclusions of law to which no response is required.
- q. The allegations of subparagraph (q) are conclusions of law to which no response is required.
- r. The allegations of subparagraph (r) are conclusions of law to which no response is required.
- s. The allegations of subparagraph (s) are conclusions of law to which no response is required.

NEW MATTER

First Affirmative Defense:

Continental Communities Has No Obligation Under Act 127

27. Paragraphs 1 through 26 of this Answer and New Matter are incorporated as if set forth at length.

28. Hickory Hills is a limited liability company formed under the laws of the State of Delaware.

29. Continental Communities, also a limited liability company formed under the laws of the State of Delaware, is the sole member of Hickory Hills.

30. Hickory Hills, not Continental Communities, is now and has since January 1999 been the sole fee simple owner of the real estate and fixtures that comprise the manufactured home community at 121 Hickory Hills Drive, Bath, PA 18014. A copy of Hickory Hills' deed to the property is attached hereto as **Appendix "A."**

31. Hickory Hills, not Continental Communities, was the sole owner of the propane pipeline system on the Hickory Hills premises from January 1999, when Hickory Hills purchased the manufactured home community at 121 Hickory Hills Drive, Bath, PA 18014, including the existing propane pipeline system, from its previous owners, until the propane pipeline system was abandoned on April 10, 2014.

32. Hickory Hills, not Continental Communities, was the sole operator of the propane pipeline system on the Hickory Hills premises from January 1999 until the propane pipeline system was abandoned on April 10, 2014, in that Hickory Hills' employees, not employees of Continental Communities, operated the pipeline system, performed necessary service, and contracted for third party servicing of the system.

33. Continental Communities was never the owner or the operator of the propane pipeline system that was on the Hickory Hills premises.

34. Therefore, Continental Communities has no obligation of any kind under Act 127, and the complaint fails to state a claim against Continental Communities upon which relief can be granted.

Second Affirmative Defense:
Hickory Hills Was Registered Under the Propane and Liquefied Petroleum Gas Act and
Therefore Had No Duty to Register With the Commission

35. Paragraphs 1 through 34 of this Answer and New Matter are incorporated as if set forth at length.

36. Pursuant to 58 P.S. § 801.301(e), Hickory Hills was exempt from registering with the Commission because it had been previously registered with the Pennsylvania Department of Labor and Industry (L&I) under the Propane and Liquefied Petroleum Gas Act, 35 P.S. §§ 1329.1- 1329.19.

37. Hickory Hills' propane distribution system was registered under the Propane and Liquefied Petroleum Gas Act or its predecessor statutes beginning in 1993 and Hickory Hills was in the process of renewing its registration with L&I when Act 127 was enacted in 2011; that process continued through March 2014. More particularly:

- a. Hickory Hills filed its renewal application on December 6, 2010;
- b. L&I requested additional information from Hickory Hills on May 4, 2011;
- c. From that time through 2014, over the course of multiple telephone contacts, Hickory Hills attempted to work with L&I to satisfy L&I's concerns related to the additional requested information, but L&I failed to respond to Hickory Hills' requests;
- d. During 2012, after the passage of Act 127, L&I inspected the propane facilities on site at Hickory Hills;
- e. On January 6, 2014, Hickory Hills provided L&I with the information Hickory Hills believed L&I required to complete the license renewal process, but on follow-up inquiry on January 13, 2014 was informed that L&I was behind in its

permitting and that there were many other applications pending that had not yet been processed by L&I;

f. L&I terminated its permit renewal process for Hickory Hills after Hickory Hills informed L&I on March 31, 2014 that Hickory Hills had removed the propane facilities from service in March 2014.

38. Perfection of Hickory Hills' permit renewal with the Department of Labor and Industry was delayed as the result of circumstances beyond the control of Hickory Hills.

39. Nevertheless, during 2012, after the passage of Act 127, Hickory Hills was registered with L&I, as evidenced by L&I's on-site inspection of Hickory Hills' facilities.

40. As prescribed in 58 P.S. § 801.301(e)(2), the Commission "shall verify" registrations of petroleum gas distributors with the Department of Labor and Industry "before requiring" registration with the Commission; had the Commission verified Hickory Hills' status with the Department of Labor and Industry it would have discovered Hickory's Hills' previous registration pending renewal application, and ongoing supervision by L&I.

41. Therefore, as a matter of law under Act 127, Hickory Hills had no obligation to register with the Commission in 2012 or 2013, and the complaint fails to state a claim against Hickory Hills upon which relief can be granted.

Third Affirmative Defense:

Hickory Hills was Not Responsible for the February 14, 2014 Explosion and Fire

42. Paragraphs 1 through 41 of this Answer and New Matter are incorporated as if set forth at length.

43. From the time it purchased the property in 1999, Hickory Hills diligently maintained the propane pipeline distribution system as installed by the previous owner,

monitoring for leaks and replacing pipe as necessary, but had no obligation to maintain and repair and did not undertake to maintain and repair piping or heating equipment on the “customer” side of the underground pipeline system interface.

44. Between 1999 when it purchased the property and 2014, Hickory Hills engaged in ongoing maintenance of the propane pipeline distribution system at significant expense, replacing approximately one-third of the underground lines and engaging in periodic leak detection surveys. More particularly:

- a. In 2003, Hickory Hills replaced significant sections of the underground propane pipeline system, at a cost of \$365,000;
- b. In 2006, in conjunction with a larger project to replace certain sections of the underground propane pipeline system, Hickory Hills repaired 8 leaks revealed in a leak survey, all at a cost in excess of \$77,000;
- c. In April 2012, Hickory Hills engaged WAI Mid-Atlantic Utility Services to perform a leak detection survey of the underground propane pipeline system. In June 2012, Hickory Hills hired Psycher Landscaping and JTS Plumbing & Heating to repair leaks detected in the April 2012 survey and to replace additional underground propane gas lines, at a total cost in excess of \$97,000. Although the April 2012 survey indicated a Grade 2 (10-15%) leakage near Lot 118 on Hickory Hills Drive, no such leak was detected upon testing in advance of repair work that was performed in June 2012, so no repair work on underground propane piping was performed at Lot 118 in June 2012;

45. Hickory Hills believes, and therefore avers, that the February 14, 2014 explosion at 118 Hickory Hills Drive was not caused by leaks or other failures of Hickory Hills’

underground propane pipeline system, but rather by leaks or other equipment failures on the resident's side of the interface, or by the negligence of the residents. More particularly:

- a. At all relevant times before the accident on February 14, 2014, Hickory Hills made clear to all residents, including the resident at 118 Hickory Hills Drive, that residents were entitled to use an approved heating system of the resident's own choice (e.g., electric, bottled propane, or connection to Hickory Hills' underground pipeline propane system), but that if the resident chose to connect to Hickory Hills' underground pipeline propane system, the resident was responsible for maintenance and repair of all propane piping commencing at the outlet of the meter located on the riser outside of the resident's home and continuing under and into the resident's home, together with all piping and heating and water heating equipment inside the home;
- b. The first complaint Hickory Hills' maintenance staff received in 2014 from the resident at Lot 118 concerning an odor of propane was on January 31, 2014, and Hickory Hills maintenance staff immediately checked for leaks on the "Hickory Hills" side of the line (i.e., from the customer meter, down the riser, and across the lateral towards the street). Although no leak was discovered outside the home involving Hickory Hills' facilities, maintenance staff observed a noticeable propane odor inside the home, reported it to Hickory Hills' manager, and Hickory Hills' manager referred the resident to a propane-repair certified independent contractor to follow up on the resident's behalf and at the resident's expense; Hickory Hills' maintenance staff learned at this time that Havassey Plumbing, a contractor not certified in propane gas system repairs, had performed repairs on

pipng and appliances inside the home on the resident's side of the interface earlier in January, 2014;

- c. Hickory Hills received a second complaint of propane odor from the residents on February 4, 2014, and again dispatched Hickory Hills maintenance personnel to inspect the facilities on the "Hickory Hills" side of the line, remove snow from around the meter and the riser to get clear access, and test the Hickory Hills facilities for leaks. Again, no leaks were found on the Hickory Hills side of the line, but Hickory Hills maintenance personnel observed a strong smell of propane inside the residence near the water heater, inside the home near a wall-mounted space heater that had been installed, owned and maintained by the resident, and outside the home on the wall outside the residence's enclosed porch along the wall where, on the interior side, the space heater was mounted. The resident's outside contractor, also present at the time, replaced an 18 inch section of pipe on the resident's side of the interface, under the resident's home.
- d. Post-accident tests on piping on the Hickory Hills side of the interface at Lot 118 Hickory Hills Drive that indicate leaks in the service line, riser and meter cannot be relied on as proof that Hickory Hills' piping and related equipment caused the explosion in that:
 - i. The resident's insurer removed Hickory Hills' riser, meter and regulator on the night of the explosion on February 14, 2014; although the insurer eventually returned a riser, meter and regulator that it represented to be the riser, meter and regulator from Lot 118, no chain of custody was

established and there is no proof that the returned equipment was the equipment in place at Lot 118 at the time of the explosion;

ii. Nevertheless, it is this equipment of dubious provenance that was tested by AEL Laboratories at the request of the Commission's Gas Safety Division and found to be corroded and leaking;

iii. Even assuming that the tested riser, meter and regulator were actually the ones in place at Lot 118 at the time of the explosion, there is no basis to assume that any leaks in the equipment found after the fact either caused the explosion or were even present before the explosion occurred, as the leaks discovered in post-accident tests could have been caused by the force of the explosion itself;

iv. The same is true for the service line removed from the premises at Lot 118 and tested after the accident: there is no basis to assume that leaks in the service line found after the fact either caused the explosion or were even present before the explosion occurred, as the leaks discovered in post-accident tests could have been caused by the force of the explosion itself.

e. After investigation and based on the facts of which Hickory Hills' maintenance employees have first-hand knowledge, the February 14, 2014 explosion at 118 Hickory Hills Drive was not caused by leaks or other failures of Hickory Hills' underground propane pipeline system, but rather by leaks or other equipment failures on the resident's side of the interface, or by the negligence of the residents. Therefore, to the extent the complaint seeks civil penalties based in any respect on the alleged negligence of Hickory Hills, Hickory Hills denies any such

negligence; the explosion on February 14, 2014 at 118 Hickory Hills Drive was caused by the failure of equipment on the resident's side of the underground pipeline propane system interface and/or by the negligence of the residents and/or their third party uncertified contractors.

Fourth Affirmative Defense:
Settlement Set Off

46. Paragraphs 1 through 45 of this Answer and New Matter are incorporated as if set forth at length.

47. To the extent Hickory Hills has settled or will in the future settle with any person or entity for claims associated with the explosion at 118 Hickory Hills Drive on February 14, 2014, Hickory Hills' liability for claims asserted in the Complaint, if any, should be reduced accordingly.

Fifth Affirmative Defense
Estoppel

48. Paragraphs 1 through 47 of this Answer and New Matter are incorporated as if set forth at length.

49. Each and every claim asserted or raised in the Complaint is barred by the doctrine of estoppel; more particularly:

- a. The Commission undertook efforts to advise pipeline operators of the applicability of Act 127 to their operations and to educate pipeline operators of the requirements of Act 127;
- b. The Commission contacted numerous pipeline operators directly to advise of the applicability of Act 127 to their operations;
- c. The Commission made no effort to contact manufactured housing providers, including Hickory Hills, to advise or educate them concerning alleged duties under Act 127.

Sixth Affirmative Defense
No Basis For Civil Penalty On Facts Unrelated to Alleged Violations

50. Paragraphs 1 through 49 of this Answer and New Matter are incorporated as if set forth at length.

51. Paragraphs 17-19 of the Formal Complaint allege facts related to an explosion that occurred at Hickory Hills on February 14, 2014.

52. These facts bear no relation to the violations alleged against Respondents in Paragraph 26 of the Formal Complaint.

53. However, in the prayer for relief of the Formal Complaint, BI&E requests that due to “the egregious and serious nature of this incident” the Commission assess what BI&E alleges to be the maximum civil penalty (\$2,000,000) against Respondents.

54. Nothing in Act 127 suggests that factors other than a pipeline operator’s failure to comply with the registration and reporting provisions in Act 127 may be considered as a basis for assessing a civil penalty.

55. Nothing in 66 Pa. C.S. § 3301 suggests that factors other than a pipeline operator’s failure to comply with the registration and reporting provisions in Act 127 may be considered as a basis for assessing a civil penalty.

56. Nothing in the Commission’s policy statement at 52 Pa. Code § 69.1201, relating to factors to be considered in assessing penalties in litigated or settled proceedings, to the extent applicable to proceedings under Act 127 involving non-public utilities, suggests that factors other than a pipeline operator’s failure to comply with the registration and reporting provisions in Act 127 may be considered as a basis for assessing a civil penalty.

57. There is no basis in law or in the facts as pleaded in the Formal Complaint for the Commission to assess civil penalty based on facts that have nothing to do with the violations alleged.

58. Therefore, to the extent the Formal Complaint seeks a civil penalty based on facts pleaded in Paragraphs 17-19 which facts have nothing to do with the violations alleged in Paragraph 26, it fails to state a claim against Respondents upon which relief can be granted.

WHEREFORE, Continental Communities, LLC and Hickory Hills, MHC, LLC respectfully demand judgment in their favor and dismissal of the Complaint, with prejudice, and an award of such other and further relief that the Commission may deem just and proper.

Respectfully submitted,



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*Counsel for Continental Communities, LLC
and Hickory Hills, MHC, LLC*

APPENDIX "A"

This Indenture,

Made the 6th day of JANUARY
in the year of our Lord one thousand nine hundred and ninety-nine.

Between Old Orchard Development Corporation, a Pennsylvania business corporation, with its principal place of business in Moore Township, County of Northampton, Grantor,

AND

Hickory Hills MHC, LLC, a Delaware limited liability company, with its principal place of business in Oak Brook, County of DuPage, Illinois,

Grantee

Witnesseth, That the said party of the first part, for and in consideration of the sum of -----

-----One and no/100-----(\$ 1.00) Dollars
unto it well and truly paid by the said party of the second part, at or before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold, aliened, enfeoffed, released, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, enfeoff, release, convey and confirm, unto the said party of the second part, its succ's and assigns, forever:

All THAT CERTAIN piece or parcel of land with improvements located thereon, situated in the Township of Moore, County of Northampton and Commonwealth of Pennsylvania, and more particularly bounded and described as follows, to wit:

BEGINNING at a point on the legal right-of-way line of S.R. 512 (50 feet wide);

Thence along said right-of-way the following two courses and distances:

1. Along a curve to the right having a radius of 2266.83 feet, a central angle of 12°-31'-06", an arc length of 495.27 feet and the chord being N 62°-17'-36" E, 494.28 feet to a point;
2. N 68°-33'-09" E, 289.80 feet to a point;

Thence along lands now or late of Edward R. & Marie R. Laubach S 20°-57'-10" E, 105.74 feet to a monument found;

Thence along lands now or late of Edward R. & Marie R. Laubach, Harold R. & Sandra P. Wisner and Patrick W. Rogan N 68°-11'-04" E, 527.18 feet to a monument found;

Thence along lands now or late of the Star Grange S 43°-41'-47" E, 147.73 feet to a monument found;

Thence continuing along aforesaid lands N 20°-02'-04" E, 115.63 feet to a point;

Thence along lands now or late of Stephen F. Delker S 58°-25'-14" E, 108.89 feet to a monument found;

Thence continuing along aforesaid lands N 20°-45'-50" E, 125.08 feet to a monument found;

Thence along lands now or late of Nazareth National Bank & Trust Co., and Floyd E. Schlegel S 58°-20'-06" E, 456.84 feet to an iron pipe found;

Thence along lands now or late of Wynn K. & Diane M. Umstead S 59°-24'-49" E, 96.43 feet to a monument found;

Thence along the Clewell Place, Section 2, Subdivision the following four courses and distances:


1. S 37°-34'-34" W, 1374.92 feet to a monument found;
2. S 52°-48'-53" E, 399.15 feet to a monument found;
3. S 58°-18'-22" E, 93.49 feet to a point;
4. S 63°-17'-53" E, 184.14 feet to a monument found;

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003036

RECORDER OF DEEDS
 NORTHAMPTON COUNTY
 PENNSYLVANIA
 INSTRUMENT NUMBER
 1999000862
 RECORDED ON
 Jan 07, 1999
 4:10:32 PM
 AFFORDABLE HOUSING \$11.05
 AFFORDABLE HOUSING \$1.95
 - ADMIN FEE
 RECORDING FEES \$13.00
 STATE TRANSFER \$45,000.00
 TAX
 STATE WRIT TAX \$0.50
 MOORE TOWNSHIP \$22,500.00
 NORTHAMPTON \$22,500.00
 AREA SCHOOL DISTRICT
 COUNTY RECORDS \$1.00
 IMPROVEMENT FEE
 DEEDS RECORDS \$1.00
 IMPROVEMENT FEE
 TOTAL \$90,028.50

I hereby CERTIFY that this
 document is recorded in
 the Recorder's Office of
 Northampton County,
 Pennsylvania.

 C. J. O'Leary

Thence along the Alberta Bartholomew Subdivision the following six courses and distances:

1. S 39°-41'-03" W, 417.17 feet to an iron pipe found;
2. N 71°-43'-30" W, 149.03 feet to an iron pipe found;
3. N 54°-55'-31" W, 134.01 feet to a railroad spike found;
4. S 36°-35'-16" W, 940.59 feet to a point;
5. S 70°-39'-39" E, 332.91 feet to a point;
6. S 27°-39'-41" W, 356.50 feet to a point;

Thence along lands now or late of James H. & Patricia A. Gordon N 58°-55'-20" W, 49.83 feet to a point;

Thence continuing along aforesaid lands S 31°-4'-40" W, 184.79 feet to an iron pipe found;

Thence along lands now or late of Thomas S. & Cheryl A. Digiacombo and Mark Bukowski N 58°-58'-00" W, 303.41 feet to an iron pipe found;

Thence along lands now or late of Mark Bukowski S 30°-50'-02" W, 313.61 feet to a point on the right-of-way of George Lane;

Thence along said right-of-way the following three courses and distances:

1. N 69°-09'-58" W, 15.00 feet to a point;
2. Along a curve to the right having a radius of 20.00 feet, a central angle of 49°-59'-41", an arc length of 17.45 feet and the chord being N 44°-10'-08" W, 16.90 feet to a point;
3. Along a curve to the left having a radius of 50.00 feet, a central angle of 139°-59'-41", an arc length of 122.17 feet and the chord being N 89°-10'-08" W, 93.97 feet to a point;

Thence along lands now or late of Robert B. & Carol M. Bell N 84°-54'-57" W, 234.36 feet to a point;

Thence along lands now or late of Frank & Carolyn Morone the following four courses and distances:

1. N 74°-30'-30" W, 184.52 feet to a monument found;
2. N 03°-01'-19" W, 231.00 feet to a point;
3. N 08°-34'-01" W, 84.17 feet to a point;
4. S 77°-26'-19" W, 126.25 feet to a monument found;

Thence along aforesaid lands of Morone and lands now or late of Louis L. and Theresa Pflugler N 17°-18'-41" W, 282.36 feet to a point;

Thence continuing along aforesaid lands of Pflugler N 16°-10'-18" W, 316.10 feet to a monument found;

Thence along lands now or late of Gregory A. & Michele F. Gulick the following four courses and distances:

1. S 70°-39'-58" E, 165.62 feet to a monument found;
2. N 31°-00'-50" E, 1214.89 feet to a monument found;
3. N 73°-12'-08" W, 211.06 feet to an iron pin found;
4. N 03°-15'-32" E, 886.51 feet to a point in the legal right-of-way line of S.R. 512, the PLACE of BEGINNING

CONTAINING 102.1775 acres of land (4,450,849.77 Square Feet)

BEING ALL OF THE SAME PREMISES which:

(a) Richard N. Wisner and Esther S. Wisner, husband and wife, by their Deed dated 10 September 1970, granted and conveyed the same unto Old Orchard Development Corp., Grantor herein, the same having been recorded at the office for the Recorder of Deeds, County of Northampton, in Deed Book volume 389, page 258.

(b) Alberta M. Bartholomew, Widow, by her Deed dated 3 October 1972, granted and conveyed to Old Orchard Development Corp., Grantor herein, the same having been recorded at the office for the Recorder of Deeds, County of Northampton, in Deed Book Volume 439, Page 200.

(c) Kevin W. Quinter and Terri L. Quinter, by their Deed dated 12 August 1991, granted and conveyed unto Old Orchard Development Corp., Grantor herein, the same having been recorded at the office for the Recorder of Deeds, County of Northampton, in Deed Book Volume 839, Page 244.

Being Northampton County I.D. # H6-20-20 and # H6-20-13

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Together with all and singular the buildings, utilities, improvements, ways, waters, water courses, rights, liberties, privileges, hereditaments and appurtenances whatsoever thereunto belonging, or in anywise appertaining, and the reversions and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, property, claim and demand whatsoever of the said party of the first part, its successors and assigns, in law, equity or otherwise, howsoever, of, in and to the same, and every part thereof.

To have and to hold the said lot or piece of ground above described with messuage or tenements thereon erected, hereditaments and premises hereby granted or mentioned, and intended so to be, with the appurtenances, unto the said party of the second part, its successors and assigns, to and for the only proper use and behoof of the said party of the second part, its succ's. and assigns, forever

And the said party of the first part, for itself and its successors, does by these presents covenant, grant and agree to and with the said party of the second part, its succ's. and assigns, that it, the said party of the first part, and its successors, all and singular the hereditaments and premises herein above described and granted, or mentioned, and intended so to be, with the appurtenances, unto the said party of the second part, its succ's. and assigns, against it, the said party of the first part and its successors, and against all and every other person or persons whomsoever, lawfully claiming or to claim the same, or any part thereof,

shall and will Warrant and forever Defend

The Old Orchard Development Corporation, the said party of the first part, doth hereby constitute and appoint its President and Chairman of its Board of Directors, Louis Staiano, to be its attorney, for it and in its name, and as and for its corporate act and deed, to acknowledge this Indenture before any person having authority by the laws of the Commonwealth of Pennsylvania to take such acknowledgment, to the intent that the same may be duly recorded.

This Deed is made under and by virtue of a resolution of the Board of Directors of the party of the first part, duly passed at a meeting thereof duly and legally held on the 12th day of September 1998.

In Witness Whereof,

the said party of the first part, has caused these presents to be signed by its President and its corporate seal to be hereunto affixed, the day and year first above written.

OLD ORCHARD DEVELOPMENT CORPORATION

By: Louis Staiano
Louis Staiano
President

The actual consideration for this purchase is \$4,500,000.00.

Commonwealth of Pennsylvania }
County of LEHIGH } ss.:

I HEREBY CERTIFY that on this 6th day of January A.D. 1999, before me, the subscriber, a Notary Public in and for said Commonwealth and County, personally appeared LOUIS STAIANO, PRES. OF OLD ORCHARD DEVELOPMENT CORP., the attorney named in the foregoing Indenture, and by virtue and in pursuance of the authority therein conferred upon him, acknowledged the said INDENTURE to be the act and deed of the said LOUIS STAIANO to the intent that the same may be duly recorded.

Witness my hand and notarial seal the day and year aforesaid.

NOTARIAL SEAL
BONNIE L. PUTCHER, Notary Public
City of Allentown, Lehigh County
My Commission Expires Oct. 2, 2000

Bonnie L. Puteher
MY COMMISSION EXPIRES

I Herely Certify that the precise address of the grantee herein is

c/o Continental Communities
Suite 102
915 Harger Road
Oak Brook, IL 60523-1400

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DEED

TO

Dated _____, 19____

Commonwealth of Pennsylvania }
County of _____ } ss.:

Recorded on this _____ day of _____ A.D. 19____
in the Recorder's Office of said County
in DEED Book _____, Vol. _____, Page _____
Given under my hand and seal of the said office the date
above written.

RECORDER

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission.
Bureau of Investigation and Enforcement.

Complainants,

v.


Continental Communities, LLC and Hickory
Hills, MHC, LLC

Respondents.

Docket No. C-2015-2468131

VERIFICATION

I, John Boehm, manager of Hickory Hills, MHC, LLC, ("Hickory Hills") hereby state that I am authorized to make this Verification on behalf of Hickory Hills and verify that the factual averments contained in the foregoing Answer and New Matter are true and correct to the best of my knowledge, information and belief. I would expect to be able to prove the same at any hearing that may be held in this matter. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsifications to authorities.



John Boehm
Manager
Hickory Hills, MHC, LLC

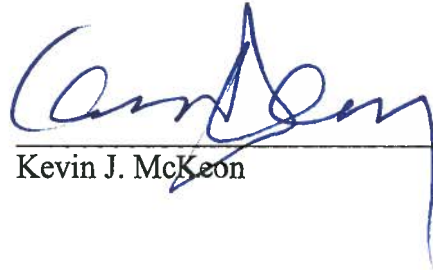
DATE: April 10, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA FIRST CLASS MAIL AND EMAIL

Adam D. Young, Prosecutor
Wayne T. Scott, First Deputy Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265



Kevin J. McKeon

Dated: April 10, 2015