

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

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

February 11, 2005

DOCKETED

A-230073F0009

FEB 11 2005

VELMA A REDMOND ESQUIRE  
SUSAN D SIMMS ESQUIRE  
PA AMERICAN WATER CO  
800 WEST HERSHEY PARK DRIVE  
HERSHEY PA 17033

DOCUMENT  
FOLDER

Dear Ms. Redmond:

Receipt is acknowledged of the Application of Pennsylvania-American Water Company for approval of the transfer by sale of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pa-American Water Company and the right of Pa-American Water to supply wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, PA, which has been captioned and docketed to the above number.

It will be necessary for you to serve copies of the Application upon the following parties, then file proof of such service with this Commission, pursuant to 52 Pa. Code, §1.57 and 1.58:

Each city, borough, town, township, county and related planning office which is included, in whole or in part, in the proposed service area;

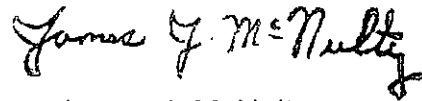
A water or wastewater utility, municipal corporation or authority which provides water or wastewater collection, treatment and disposal service to the public and whose service area abuts the service area proposed in the application;

The Office of Consumer Advocate, the Office of Small Business Advocate, and the Department of Environmental Protection's appropriate regional office.

You are directed upon receipt of this letter to publish the enclosed notice once a week for two consecutive weeks in a newspaper having a general circulation in the area involved and file proof of publication with the Commission on or before March 14, 2005.

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

Sincerely,

A handwritten signature in black ink that reads "James J. McNulty". The signature is written in a cursive style with a prominent initial "J" and a stylized "M".

James J. McNulty  
Secretary

JJM:ddt

Enclosure

PENNSYLVANIA PUBLIC UTILITY COMMISSION

NOTICE TO BE PUBLISHED

Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. Docket Number: A-230073F0009.

Formal protests and petitions to intervene must be filed in accordance with Title 52 of the Pennsylvania Code. All filings must be made with the Secretary of the Pennsylvania Public Utility Commission, P. O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the Applicant, on or before March 14, 2005. The documents filed in support of the Application are available for inspection and copying at the Office of the Secretary between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, and at the Applicant's business address.

Applicant:

Pennsylvania-American Water Company

Through and By Counsel:

Velma A. Redmond, Esquire  
Susan D. Simms, Esquire  
800 West Hersheypark Drive  
Hershey, PA 17033

DOCKETED

FEB 11 2005

RECEIVED  
LEGISLATIVE REFERENCE  
BUREAU  
05 FEB 15 PM 1:58  
PA. CODE & BULLETIN

DOCUMENT  
FOLDER

BY THE COMMISSION

*James J. McNulty*  
James J. McNulty  
Secretary

DATE: February 11, 2005

SUBJECT: A-230073F0009

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary *ddt*

DOCUMENT  
FOLDER

**Application of Pennsylvania-American Water Company**

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We attach hereto a copy of the Application of Pennsylvania-American Water Company for approval of the transfer of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pa American Water, and for Pa American Water to begin to supply wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, PA, which has been captioned and docketed to the above number.

Applicant has been instructed to serve copies of the application upon each city, borough, town, township, county and related planning office which is included, in whole or in part, in the proposed service area; a water or wastewater utility, municipal corporation or authority which provides water or wastewater collection, treatment and disposal service to the public and whose service area abuts the service area proposed in the application; and on the Office of Consumer Advocate, the Office of Small Business Advocate, and the Department of Environmental Protection's appropriate regional office.

Applicant has been instructed to publish in a newspaper.

If no protests are received by March 14, 2005, will your Bureau please prepare a report for the attention of the Commission or instruct the Secretary's Bureau to re-assign this matter to the Office of Administrative Law Judge for hearing.

Attachment

cc: Law Bureau

ddt

DOCKETED

FEB 11 2005

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**RECEIPT**

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

DATE: 2/14/2005  
RECEIPT NO: 202816

AMERICAN WATER  
PO BOX 5088  
MT. LAUREL NJ 08054

IN RE: Application fees for AMERICAN WATER

Docket Number A-230073F0009..... \$350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 74091141  
CHECK AMOUNT: \$350.00

**DOCUMENT  
FOLDER**

Stephen Reed  
(for Department of Revenue)

**DOCKETED**  
MAR 01 2005



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: [vredmond@pawc.com](mailto:vredmond@pawc.com)

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

2005  
February 17, 2004 *WSK*

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street, PO Box 3265  
Harrisburg, PA 17120-3265

**DOCUMENT  
FOLDER**

**In Re: Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. Docket No. A-230073F0009**

Dear Mr. McNulty:

Enclosed please find a Proof of Service which evidences copies served upon the affected offices as per your letter of February 11, 2005.

Sincerely,

Velma A. Redmond

RECEIVED  
2005 FEB 22  
blg  
Attachment  
SECRETARY'S BUREAU



BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In Re: Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. Docket No. A-230073F0009**

**PROOF OF SERVICE**

I hereby certify that I am this day serving the above-referenced Application upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Clarion County Planning Commission  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion County Commissioners  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion Township  
Board of Supervisors  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16258

Clarion Township  
Planning Commission  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16053258

Clarion Borough  
Borough Council  
R. D. 3, Box 34 A  
Clarion, PA 16214

Clarion Borough  
Planning Commission  
R. D. 3, Box 34A  
Clarion, PA 16214

Monroe Township  
Board of Supervisors  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Monroe Township  
Planning Commission  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

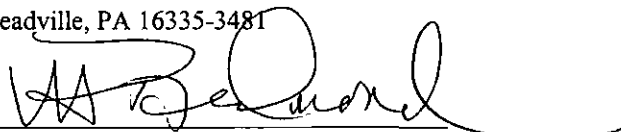
Office of Trial Staff  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
Harrisburg, PA 17105

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

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

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

**DOCKETED**  
MAR 10 2005



Velma A. Redmond, Esquire  
Susan S. Marsh, Esquire  
Corporate Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
(717) 533-5000

**DOCUMENT  
FOLDER**

RECEIVED  
2005 FEB 22 AM 4:08  
SECRETARY'S BUREAU



ORIGINAL

OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
800-684-6560 (in PA only)

IRWINA. POPOWSKY  
Consumer Advocate

FAX (717) 783-7152  
consumer@paoca.org

March 14, 2005

James J. McNulty, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

**Re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water company to assume certain Clarion Area Authority contracts.**

**Docket No. A-230073F0009**

Dear Secretary McNulty:

Enclosed please find for filing an original and three (3) copies of the Office of Consumer Advocate's Intervention and Public Statement in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

Darlene R. Wong  
Assistant Consumer Advocate

DOCUMENT  
FOLDER

Enclosures

- cc: Velma A. Redmond
- Office of Administrative Law Judge
- Office of Special Assistants
- Bureau of Fixed Utility Services
- Office of Trial Staff
- Office of Small Business Advocate

RECEIVED  
2005 MAR 14 PM 4:09  
SECRETARY'S BUREAU

145

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contract.

Application No. A-230073F0009

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NOTICE OF INTERVENTION


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Pursuant to 52 Pa. Code Section 5.71(a) and 71 P.S. § 309-4, the Office of Consumer Advocate hereby gives Notice of Intervention in the above-captioned proceeding. A copy of all correspondence and notices, documents, orders or other communications with respect to the above-captioned proceeding should be addressed to the following:

Christine Maloni Hoover  
Senior Assistant Consumer Advocate  
Darlene R. Wong  
Assistant Consumer Advocate  
Office of Attorney General  
Office of Consumer Advocate  
555 Walnut Street 5th Floor, Forum Place  
Harrisburg, PA 17101-1923

**DOCKETED**  
APR 13 2005

Respectfully submitted,

  
\_\_\_\_\_  
Darlene R. Wong  
Assistant Consumer Advocate

DATED: March 14, 2005  
83488

**DOCUMENT  
FOLDER**

**RECEIVED**  
2005 MAR 14 PM 4:10  
SECRETARY'S BUREAU

PUBLIC STATEMENT OF THE  
OFFICE OF CONSUMER ADVOCATE  
PURSUANT TO 71 P.S. SECTION 309-4(e)

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission ("PUC" or "Commission"). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file an Intervention and participate in proceedings before the Commission involving the proposal by Pennsylvania-American Water Company ("PAWC") to acquire substantially all of the Clarion Area Authority's ("CAA") assets, properties and rights related to its wastewater system and to furnish wastewater service to the public in Clarion Borough and portions of Clarion and Monroe Townships.

The objective of the Consumer Advocate in filing an Intervention in this matter is to protect the interests of CAA customers. PAWC's application seeking PUC approval to acquire CAA assets includes PAWC's plans to implement a Collection System Improvement Charge to recover PAWC's investment in certain water infrastructure, which today, the Pennsylvania Commonwealth Court ruled cannot be collected by an automatic rate adjustment under Section 1307 of the Public Utility Code, 66 Pa. C.S. § 1307. The Consumer Advocate will strive to prevent ratepayers from paying costs that are unreasonable or unduly discriminatory, or otherwise violative of the Public Utility Code. The Consumer Advocate will investigate the proposed acquisition and request the Commission order all necessary and proper customer protections which are justified, reasonable, and in accordance with sound ratemaking principles.

PAWC provides wastewater services to approximately 13,242 customers, of which 97% are residential. CAA furnishes wastewater service to approximately 2,155 customers.

**DOCKETED**  
APR 13 2005

**DOCUMENT  
FOLDER**

SECRETARY'S BUREAU  
2005 MAR 14 PM 4: 09  
**RECEIVED**



# ORIGINAL

## Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

April 28, 2005

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary  
Via UPS Overnight Delivery

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street, PO Box 3265  
Harrisburg, PA 17105-3265

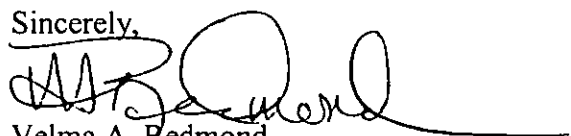
DOCUMENT  
FOLDER

APR 28 2005

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

Dear Mr. McNulty:

On behalf of Pennsylvania-American Water Company, enclosed for filing with you are an original and three copies of a request to Amend the above-referenced Application.

Sincerely,  
  
Velma A. Redmond

blg  
Enclosures  
cc: Office of Trial Staff  
Office of Small Business Advocate  
Office of Consumer Advocate  
Department of Environmental Protection  
Clarion Area Authority

BTL



70

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts.**

**Application Docket  
No. A-230073F0009**

APR 20 2005  
PA PUBLIC UTILITY COMMISSION

**TO PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

Pennsylvania-American Water Company("Pennsylvania American Water"or "Applicant"), by its attorneys, filed on February 1, 2005 pursuant to Sections 1102(a) and 507 of the Public Utility Code (66 Pa.C.S. §§1102(a), 507), an Application for Approval of : (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania American Water, and (2) the rights of Pennsylvania-American Water to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania American Water to assume certain Clarion Area Authority contracts.

Pennsylvania American Water now wishes to amend said Application. In support of this request, the Applicant states as follows:

### **Reason for Amendment**

By its Application, Pennsylvania American Water seeks permission to offer or furnish wastewater service to the public in the service territory of the Clarion Area Authority (CAA), a municipal authority organized under the Pennsylvania Municipality Authorities Act of May 2, 1945, P.L. 382. Parts A and B of the Application and in particular Paragraphs 20 and 30 state that Pennsylvania American Water will implement a Collection System Improvement Charge (CSIC) in the new service area. Because the Commission's authority to authorize the implementation of a CSIC is currently under appeal in the Pennsylvania appellate courts in the matter of *Popowsky v. Pennsylvania Public Utility Commission*, No. 2497 C.D. 2003, Pennsylvania American Water wishes to remove the CSIC issue from this Application.

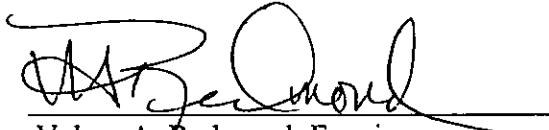
### **Amendment**

Pennsylvania American Water hereby amends Parts A and B, particularly Paragraphs 20 and 30 of the Application, to remove the statement that Pennsylvania American Water will implement a Collection System Improvement Charge for the customers to be transferred by CAA at the time of Closing. Pennsylvania American respectfully makes this amendment without prejudice to its right to request authorization from the Commission to implement a CSIC in the application territory if, at some future date, the Pennsylvania Supreme Court determines in a final adjudication that the Commission is authorized to allow the implementation of a CSIC.

WHEREFORE, Pennsylvania American Water respectfully requests that your Honorable Commission issue the necessary certificates of public convenience approving the Application of Pennsylvania American Water for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania American Water, and (2) the rights of Pennsylvania American Water to begin to

offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania American Water to assume certain Clarion Area Authority contracts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "V. Redmond", with a long horizontal flourish extending to the right.

Velma A. Redmond, Esquire  
Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033

Dated: April 28, 2005

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts.  
Application No. A-230073F0009**

**PROOF OF SERVICE**

I hereby certify that I am this day serving the above-referenced Application upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Clarion County Planning Commission  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion County Commissioners  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion Borough  
Borough Council President  
R. D. 3, Box 34A  
Clarion, PA 16214

Clarion Borough  
Planning Commission  
R. D. 3, Box 34A  
Clarion, PA 16214

Clarion Township  
Board of Supervisors  
Bergen C. Dilley  
R. D. 1  
Strattenville, PA 16258

Clarion Township  
Planning Commission  
Bergen C. Dilley  
R. D. 1  
Strattenville, PA 16258

Monroe Township  
Board of Supervisors  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

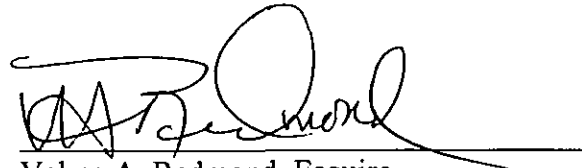
Monroe Township  
Planning Commission  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Office of Trial Staff  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
Harrisburg, PA 17105

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

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

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

A handwritten signature in black ink, appearing to read 'V. A. Redmond', written over a horizontal line.

Velma A. Redmond, Esquire  
Corporate Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
(717) 533-5000

Dated: April 28, 2005

# ORIGINAL

## Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

April 28, 2005

Via UPS Overnight Delivery

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street, PO Box 3265  
Harrisburg, PA 17105-3265

DOCUMENT  
FOLDER

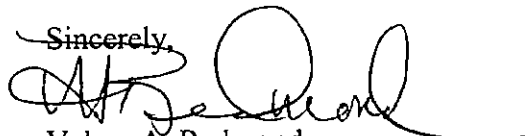
APR 28 2005

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

Dear Mr. McNulty:

Enclosed please find four (4) copies of an executed Stipulation of Settlement between Pennsylvania-American Water Company and the Office of Consumer Advocate regarding the above referenced matter.

Sincerely,



Velma A. Redmond

blg

Enclosures

cc: Office of Trial Staff  
Office of Small Business Advocate  
Office of Consumer Advocate



69



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

April 28, 2005

Via UPS Overnight Delivery

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street, PO Box 3265  
Harrisburg, PA 17105-3265

APR 28 2005

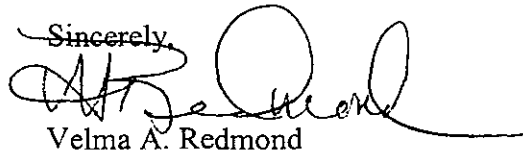
PA PUBLIC UTILITY CO.  
SECRETARIAT

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

Dear Mr. McNulty:

Enclosed please find four (4) copies of an executed Stipulation of Settlement between Pennsylvania-American Water Company and the Office of Consumer Advocate regarding the above referenced matter.

Sincerely,



Velma A. Redmond

blg

Enclosures

cc: Office of Trial Staff  
Office of Small Business Advocate  
Office of Consumer Advocate

Our commitment is crystal clear.®

An E.E.O. Employer M/F/H/V



BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water :  
Company for Approval of (1) the transfer, by sale, :  
of substantially all the Clarion Area Authority's assets, : Application Docket  
properties and rights related to its wastewater system : No. A-230073F0009  
to Pennsylvania-American Water Company, :  
and (2) the rights of Pennsylvania-American Water :  
Company to begin to offer or furnish wastewater :  
service to the public in all of Clarion Borough and :  
portions of the Townships of Clarion and Monroe, :  
Clarion County, Pennsylvania, and (3) the right of :  
Pennsylvania-American Water Company to assume :  
certain Clarion Area Authority contracts. :

APR 20 2005

FILED 10:51 AM APR 20 2005

DOCUMENT  
FOLDER

STIPULATION OF SETTLEMENT BETWEEN  
PENNSYLVANIA-AMERICAN WATER COMPANY  
AND THE OFFICE OF CONSUMER ADVOCATE

AND NOW, Pennsylvania-American Water Company ("Pennsylvania American Water")  
the Office of Consumer Advocate ("OCA")(hereinafter referred to collectively as the "Parties")  
hereby stipulate and agree as follows:

Stipulations

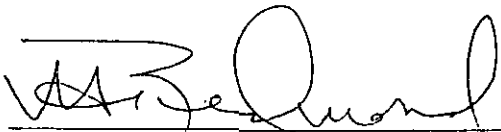
1. On February 1, 2005, Pennsylvania American Water filed an application with the  
Pennsylvania Public Utility Commission ("Commission" or "PUC") seeking approval of  
the transfer by sale of substantially all of the Clarion Area Authority's assets, properties  
and rights related to its wastewater system, and to furnish wastewater service to the public  
in Clarion Borough and portions of Clarion and Monroe Townships, Clarion County.
2. Paragraphs 20 and 30 of Pennsylvania American Water's application describe the  
company's plans to implement a Collection System Improvement Charge in the applied  
for service area.

**DOCKETED**  
SEP 2 2005

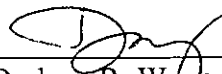
3. On March 14, 2005, the OCA filed a Notice of Intervention. The OCA Notice of Intervention refers to that portion of Pennsylvania American Water's application which sets forth the company's plans to implement a Collection System Improvement Charge. The OCA notes that on March 14, 2005 the Pennsylvania Commonwealth Court issued a ruling [in *Popowsky v. Pennsylvania Public Utility Commission, No. 2497 C.D. 2003*], that Pennsylvania American Water's investment in certain wastewater infrastructure cannot be collected by an automatic rate adjustment under Section 1307 of the Public Utility Code, 66 Pa.C.S. ss1307.

**Agreement**

4. Pennsylvania American Water agrees to revise the Application to remove its request to implement a Collection System Improvement Charge in the applied-for service area. The Parties agree that this revision is without prejudice to Pennsylvania American Water's right to implement a Collection System Improvement Charge in the event that the decision of the Pennsylvania Commonwealth Court disallowing Collection System Improvement Charge is overturned by the Pennsylvania Supreme Court, to the extent consistent with applicable law.
5. OCA agrees to withdraw its Notice of Intervention in the Application proceeding.



Velma A. Redmond, Esquire  
Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033



Darlene R. Wong, Esquire  
Christine M. Hoover, Esquire  
Office of Consumer Advocate  
555 Walnut Street Fifth Floor  
Harrisburg, PA 17101-1923



ORIGINAL

## OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
 Harrisburg, Pennsylvania 17101-1923  
 (717) 783-5048  
 800-684-6560 (in PA only)

IRWINA. POPOWSKY  
 Consumer Advocate

FAX (717) 783-7152  
 consumer@paoca.org

May 5, 2005

James J. McNulty, Secretary  
 PA Public Utility Commission  
 Commonwealth Keystone Bldg.  
 400 North Street  
 Harrisburg, PA 17120

DOCUMENT  
FOLDER

**Re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water company to assume certain Clarion Area Authority contracts.**

**Docket No. A-230073F0009**

Dear Secretary McNulty:

Enclosed please find for filing an original and three (3) copies of the Office of Consumer Advocate's Intervention and Public Statement in the above-captioned proceeding. The OCA files this letter pursuant to 52 Pa. Code § 5.94, regarding withdrawal of pleadings in a contested proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

Darlene R. Wong  
 Assistant Consumer Advocate

## Enclosures

cc: Office of Administrative Law Judge  
 Office of Special Assistants  
 Bureau of Fixed Utility Services  
 Office of Trial Staff  
 Office of Small Business Advocate

83489.doc;1/DRW/smm

RECEIVED  
 2005 MAY -5 PM 4:09  
 SECRETARY'S BUREAU

KJR

**DOCKETED**

MAY 9 2005

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

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2005 MAY -5 PM 4:09  
SECRETARY'S BUREAU

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contract.

Docket No. A-230073F0009

**DOCUMENT  
FOLDER**

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PETITION FOR LEAVE TO WITHDRAW INTERVENTION

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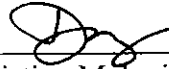
Pursuant to 52 Pa. Code Section 5.94, the Office of Consumer Advocate ("OCA") hereby requests permission to withdraw its Intervention in the above-captioned proceeding.

The OCA intervened to prevent Pennsylvania-America Water Company ("PAWC") from implementing a Collection System Improvement Charge ("CSIC") to recover PAWC's investment in certain water infrastructure, which on March 14, 2005, the Pennsylvania Commonwealth Court ruled cannot be collected by an automatic rate adjustment under Section 1307 of the Public Utility Code, 66 Pa. C.S. § 1307.

The OCA and PAWC have since executed a Stipulation of Settlement whereby OCA agrees to withdraw its intervention if PAWC's tariff application is revised to remove its request to implement CSIC in the applied-for service area. The OCA submits that if the Commission accepts

the revisions to PAWC's tariff application as indicated by PAWC's filing of April 28, 2005, the issues underlying the OCA's for intervention will be resolved.

Respectfully submitted,



---

Christine Maloni Hoover  
Senior Assistant Consumer Advocate

Darlene R. Wong  
Assistant Consumer Advocate

DATED: May 5, 2005  
84235

CERTIFICATE OF SERVICE

Re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume Clarion Area Authority contracts  
Docket No. A-230073F0009

I hereby certify that I have this day served a true copy of the foregoing document, Office of Consumer Advocate's Petition For Leave To Withdraw Intervention, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 5th day of May, 2005.

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Velma A. Redmond  
Vice President, Corporate Counsel and Secretary  
Pennsylvania-American Water Company  
800 West Hershey Park Drive  
P. O. Box 888  
Hershey, PA 17033-0888



Christine Maleni Hoover  
Senior Assistant Consumer Advocate

Darlene R. Wong  
Assistant Consumer Advocate

Counsel for  
Office of Consumer Advocate  
555 Walnut Street 5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048  
84242.doc;1/DRW/smn

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PUBLIC  
SECRETARY'S BUREAU



# ORIGINAL

## Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

May 10, 2005

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street  
PO Box 3265  
Harrisburg, PA 17105-3265

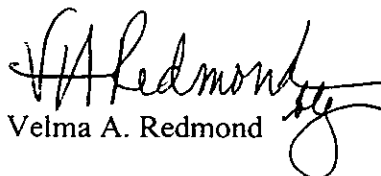
DOCUMENT  
FOLDER

**In Re: Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. Docket No. A-230073F0009**

Dear Mr. McNulty:

As directed in your letter of February 11, 2005 on the above-referenced application, attached is the proof of publication of the required notice.

Sincerely,

  
Velma A. Redmond

blg

Attachment

RECEIVED  
2005 MAY 13 AM 9:04  
SECRETARY'S BUREAU



10

RECEIVED

2005 MAY 13 AM 9:04

SECRETARY'S BUREAU

AFFIDAVIT OF PUBLICATION

STATE OF PENNSYLVANIA )
COUNTY OF CLARION )

Before me, a Notary Public, in and for the county aforesaid, personally appeared Josh Walzak, who being duly sworn according to law, doth dispose and say that he is the Editor of The Leader-Vindicator, a newspaper of general circulation, published at New Bethlehem, Clarion County, Pennsylvania; that its place of business was established in 1929; that the notice was printed and published for two (2) weeks in the regular edition of said newspaper on the following dates: February 23, and March 2, 2005; that the affiant is not interested in the subject matter of the said document; and that all of the allegations of this statement as to time, place and character of publication are true.

Signature of Affiant (Handwritten signature of Josh Walzak)

Sworn to and subscribed to me this 10th day of March, 2005.

Notary Public (Handwritten signature of Ryan T. Wells)

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Ryan T. Wells, Notary Public
New Bethlehem Boro, Clarion County
My Commission Expires Mar. 29, 2008
Member, Pennsylvania Association of Notaries

DOCUMENT FOLDER

copy of notice(s) or publication(s) attached.

PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE TO BE PUBLISHED

Application of Pennsylvania American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania American Water Company, and 2) the right of Pennsylvania American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. Docket Number: A-230073F0009.

Formal protests and petitions to intervene must be filed in accordance with Title 52 of the Pennsylvania Code. All filings must be made with the Secretary of the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the Applicant, on or before March 14, 2005. The documents filed in support of the Application are available for inspection and copying at the Office of the Secretary between

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JUL 19 2005

mon. 814-275-2164
West Real Estate, Don Har-
forced air heat, Beautiful
treatment, central AC, gas
placement windows with
garden, full basement, re-
area, rear deck overlooking
designed kitchen/weat-in



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

IN REPLY PLEASE  
REFER TO OUR FILE

September 8, 2005

Velma A. Redmond, Esq.  
Susan D. Simms, Esq.  
Pennsylvania – American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033

A-230073F0009  
RECEIVED  
05 SEP -9 AM 9:24  
PA.P.U.C.  
SECRETARY'S BUREAU

Re: Pennsylvania-American (PAWC)/Clarion Area Auth. (CAA) acquisition  
Docket No. A-230073F0009

Dear Attorneys Redmond and Simms:

In order for us to complete our analysis of Pennsylvania-American's application, the Water/Wastewater Industry Group requires answers to the enclosed data requests. This information is necessary for completion of our review of the filing.

An early and expeditious conclusion of your request is dependent upon full and responsive answers to the enclosed data requests, which should be received by this office no later than ten working days from the date of this letter.

Answers to these data requests need not be typed but restate each data request and its corresponding number before answering. Internal and informal worksheets, as long as they are legible, will suffice. It is requested that three copies of the data requests be provided to:

Mr. James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
P O Box 3265  
Harrisburg, PA 17105-3265  
Attention: Ralph Wax (717)787-3836  
Water/Wastewater Industry Group  
Bureau of Fixed Utility Services

DOCUMENT  
FOLDER

**Your answers should be verified per 52 Pa. Code § 1.36.** If any problems should arise that prevent a full response within ten working days or any clarification of these data requests is required, please contact the above staff person. Thank you for your cooperation.

Sincerely,

H. Edwin Rodrock, Supervisor  
Water/Wastewater Industry Group  
Bureau of Fixed Utility Services

**DOCKETED**  
SEP 12 2005

HER:rew  
Enclosures  
cc: Clarion Area Authority

**Bureau of Fixed Utility Services  
Water/Wastewater Industry Group  
Pennsylvania-American/Clarion Area Auth. acquisition  
Docket No. A-230073F0009  
Data Requests**

**Note:** Restate the data request prior to providing a response. Also, include the name of the person providing the response.

**Application**

- A-1 a) The application indicates that PAWC is purchasing “substantially all of the wastewater assets, property and rights of CAA” and in Paragraph No. 17 of the Application, it is indicated that the original cost of the system is valued by PAWC at \$4,048,000. On the Authority’s Statement of Assets, Liabilities and Net Equity at December 31, 2003, the land and sewer system are valued at \$6,767,723. Explain the difference between these original cost values.
- b) Indicate whether the Authority paid for the construction of any of the storm water system. If yes, indicate whether any of the cost for the storm water system is included in the Authority’s original cost value and provide the amount which is included.
- c) A Pennvest obligation of \$347,442 and Bonds totaling \$1,615,650 are included in the Authority’s liabilities at December 31, 2003. Indicate whether these obligations will be totally paid off prior to the transfer.
- A-2 a) It appears from the Authority’s Statement of Revenue that the sewer tap-in fees are treated as operating income. Indicate whether the tap-in fees were applied as contributions to offset the original cost.
- b) Provide the total value of the tap-in fees collected.
- c) Provide a description of “unexpired customer advances”.
- d) Provide the total value of “unexpired customer advances” which the Authority still holds.
- e) Indicate whether customer advances offset the original cost values on the Authority’s books.
- f) Provide the total amount of “customer advances” received.
- A-3 Indicate whether PAWC has updated CAA’s original cost study or performed an original cost study.
- A-4 a) Indicate whether any storm water collection facilities are connected to the wastewater system at the present time.
- b) In Paragraph No. 6.1.8 of the Agreement, it is indicated that “PAWC may at its sole cost and discretion, disconnect such storm water lines from the Wastewater System...” Indicate why this obligation should not remain with the Authority.
- A-5 It was indicated that the Authority is liable for the payment of penalties, to DEP, for non-compliance with the current Consent Order and Agreement. Indicate whether the penalties have been paid.
- A-6 a) Provide a description of the wastewater extension identified in Paragraph No. 6.2.4 of the Agreement and identify the customers who will be served.
- b) Identify the party which has requested the extension.
- c) State whether “customer advances” have been made for this project. If yes, provide the amount of the advance.
- d) Provide the estimated cost of this project and the projected time of completion.
- e) The Consent Order and Agreement between the Authority and DEP concentrated on the overload situation of the system. Indicate how this extension will impact the situation.

- A-7 Indicate whether Clarion Borough, Clarion Township and Monroe Township have revised their Act 537 Plans.
- A-8 In Paragraph No. 2.2 of the Agreement, the possibility of the Toby Street Pump Station is described. Indicate whether this project has been undertaken or completed.
- A-9 State whether PAWC intends to continue to lease and utilize the office facilities at 12 North Fifth Avenue, in Clarion.
- A-10
- a) It is indicated in the Agreement that the Authority must increase their service rates by at least ten percent. Indicate whether the service rates have been increased. If yes, provide a copy of the new rates.
  - b) Indicate how long PAWC will continue to use the new rates.
  - c) For those customers who PAWC does not provide water service, indicate how the volumes of wastewater will be determined.
- A-11 It is understood the Strattanville Borough constructed and owns their collection system which feeds into the Authority system.
- a) Indicate if PAWC will treat the Borough as a bulk, municipal customer.
  - b) It is understood that the Agreement between the Authority and Strattanville is to expire on June 11, 2006, however in Section 3.08 of the Agreement, it is indicated that the Agreement is non-assignable. Indicate if PAWC and Strattanville will negotiate a replacement Agreement.
- A-12
- a) In the Monroe Township Agreement it is indicated that the Authority financed the extension of the collection system into the Township with a grant from HUD. Indicate how the original cost of this portion of the system was treated in the Authority's records.
  - b) It appears that each customer, in this portion of the system, is individually billed for their usage. Indicate why the Township is responsible for the payment of these accounts. State whether PAWC will continue to use this payment method.
  - c) The term of the Agreement was to end on August 31, 1995 or at the time when the Authority made final payment of the outstanding bonds. Since the Agreement with the Authority remains in effect due to the outstanding bonds, indicate why this Agreement will remain in effect and can be transferred.
- A-13 It is understood that DEP will not consent to the transfer of the NPDES Permit until a replacement Consent Order and Agreement (COA) is negotiated. Indicate the current status of the COA.



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

IN REPLY PLEASE  
REFER TO OUR FILE

A-230073F0009

November 16, 2005

Velma A. Redmond, Esq.  
Susan D. Simms, Esq.  
Pennsylvania – American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033

Re: Pennsylvania-American (PAWC)/Clarion Area Auth. (CAA) acquisition  
Docket No. A-230073F0009

Dear Attorneys Redmond and Simms:

Thank you for the responses to our first set of data requests; the enclosed are follow-up concerns. Again, this information is necessary for completion of our review of the filing.

An early and expeditious conclusion of your request is dependent upon full and responsive answers to the enclosed data requests, which should be received by this office no later than ten working days from the date of this letter.

Answers to these data requests need not be typed but restate each data request and its corresponding number before answering. Internal and informal worksheets, as long as they are legible, will suffice. It is requested that three copies of the data requests be provided to:

Mr. James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
P O Box 3265  
Harrisburg, PA 17105-3265  
Attention: Ralph Wax (717)787-3836  
Water/Wastewater Industry Group  
Bureau of Fixed Utility Services

*Your answers should be verified per 52 Pa. Code § 1.36.* If any problems should arise that prevent a full response within ten working days or any clarification of these data requests is required, please contact the above staff person. Thank you for your cooperation.

Sincerely,

H. Edwin Rodrock, Supervisor  
Water/Wastewater Industry Group  
Bureau of Fixed Utility Services

**DOCUMENT  
FOLDER**

HER:rew  
Enclosure  
cc: Clarion Area Authority

**DOCKETED**  
NOV 21 2005

**Bureau of Fixed Utility Services  
Water/Wastewater Industry Group  
Pennsylvania-American/Clarion Area Auth. acquisition  
Docket No. A-230073F0009  
Data Requests**

**Note:** Restate the data request prior to providing a response. Also, include the name of the person providing the response.

**Application**

Paragraph No. 31 of the Application indicates that PAWC "is assuming the two contracts identified and attached at Schedule 4.14 (actually Schedule 4.12) of the Purchase Agreement..." The two contracts are the Service Agreement between CAA and the Township of Monroe dated September 6, 1977 and the Strattanville/CAA Agreement dated June 11, 1986, for which PAWC requests Commission approval.

- A-14      However the Data Responses A-12 (b) and (c) indicated that the Monroe Township Agreement has been terminated and is no longer in effect.
- a) State whether there is an active agreement between Monroe Township and CAA at the present time. If yes, provide a copy of that agreement.
  - b) Following a review of the September 6, 1977 Agreement, it appears there is very little relevance to a municipal service agreement between PAWC and the Township. Provide the reason why PAWC wants the Commission to approve PAWC's assumption of this contract.
  - c) If in fact this Agreement has been terminated, indicate why the Township should be expected to honor the assumed Agreement.
  - d) Provide any evidence that would indicate if and why Monroe Township desires to re-activate this Agreement.
- A-15      Data Response A-11 (b) indicated that the Agreement with Strattanville was not unilaterally assignable, however it was assignable with the written consent of the party. State whether a written consent has been received by PAWC. If yes, provide a copy of the consent.
- A-16      Indicate whether the Authority is going to increase the service rates prior to the transfer of ownership. If yes, indicate when and provide a copy of the new rates.
- A-17      Provide an update on the status of the replacement Consent Order and Agreement.
- A-18      Indicate whether PAWC intends to proceed with this proposed transaction.

**DOCUMENT  
FOLDER**

**DOCKETED**  
NOV 21 2005



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

December 19, 2005

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265  
Attention: Ralph Wax  
Bureau of Fixed Utility Services  
Water/Wastewater Industry Group

DOCUMENT  
FOLDER

RECEIVED  
05 DEC 22 AM 10:41  
FIXED UTILITY SERVICES

Re: Pennsylvania-American Water Company/Clarion Area Authority  
acquisition Docket No. A-230073F0009

Dear Mr. McNulty:

In response to H. Edwin Rodrock's letter dated November 16, 2005, attached please  
find three (3) copies of Pennsylvania-American Water Company's answers to the data requests  
regarding the above referenced docket number.

Sincerely,

Velma A. Redmond

blg  
Enclosures

cc: H. Edwin Rodrock  
M. Guntrum

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2005 DEC 22 AM 9:33  
PA P.U.C. BUREAU  
SECRETARY'S BUREAU

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2005 DEC 22 AM 9:33

PA P.U.C.  
SECRETARY'S BUREAU

**BUREAU OF FIXED UTILITY SERVICES  
WATER/WASTEWATER INDUSTRY GROUP**

**Pennsylvania-American Water Company/Clarion Area Authority  
Acquisition**

**Docket No. A-2300730009**

**Data Requests**

**DOCUMENT  
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Application

Paragraph No. 31 of the Application indicates that PAWC "is assuming the two contracts identified and attached at Schedule 4.14 (actually Schedule 4.12) of the Purchase Agreement . . ." The two contracts are the Service Agreement between CAA and the Township of Monroe dated September 6, 1977 and the Strattanville/CAA Agreement dated June 11, 1986, for which PAWC requests Commission approval.

A-14 However, the Data Responses A-12 (b) and (c) indicated that the Monroe Township Agreement has been terminated and is no longer in effect.

- a) State whether there is an active agreement between Monroe Township and CAA at the present time. If yes, provide a copy of that agreement.

**RESPONSE:** There is no active agreement between Monroe Township and CAA at the present time.

- b) Following a review of the September 6, 1977 Agreement, it appears there is very little relevance to a municipal service agreement between PAWC and the Township. Provide the reason why PAWC wants the Commission to approve PAWC's assumption of this contract.

**RESPONSE:** Because the Agreement of September 6, 1977 between Monroe Township and CAA has terminated, and there is currently no active agreement between Monroe Township and CAA, Commission approval of PAWC's assumption of this contract is no longer desired. PAWC will file an amendment to its Application removing this request.

- c) If in fact this Agreement has been terminated, indicate why the Township should be expected to honor the assumed Agreement.

**RESPONSE:** See response to A-14(b).

- d) Provide any evidence that would indicate if and why Monroe Township desires to re-activate this Agreement.

**RESPONSE:** See response to A-14 (c).

**DOCKETED**  
JAN 3 - 2006

FILED IN THE BUREAU OF  
FIXED UTILITY SERVICES  
2005 DEC 22 AM 10:41

**A-15** Data Response A-11(b) indicated that the Agreement with Strattanville was not unilaterally assignable, however it was assignable with the written consent of the party. State whether a written consent has been received by PAWC. If yes, provide a copy of the consent.

**RESPONSE:** PAWC has been informed by the Strattanville Borough Council Secretary that at its December 14, 2005 meeting, Strattanville passed a resolution agreeing to the assignment of the Agreement. We anticipate receipt of the resolution in the very near future, at which time we will file it with the Public Utility Commission.

**A-16** Indicate whether the Authority is going to increase the service rates prior to the transfer of ownership. If yes, indicate when and provide a copy of the new rates.

**RESPONSE:** CAA has indicated to PAWC its intentions to increase its service rates effective January 1, 2006 by approximately ten (10) percent. An official tariff has not been issued, however, a notice from CAA's solicitor was sent to Clarion Borough Council, Clarion Township Board of Supervisors and Monroe Township Board of Supervisors alerting them to the increase in service rates. A copy of the letter is attached.

**A-17** Provide an update on the status of the replacement Consent Order and Agreement.

**RESPONSE:** PAWC is currently in active discussions with the Pennsylvania Department of Environmental Protection regarding a new Consent Order and Agreement. Several draft documents have been exchanged, and we are working forward finalizing a mutually agreeable document.

**A-18** Indicates whether PAWC intends to proceed with this proposed transaction.

**RESPONSE:** Yes, PAWC intends to proceed with the proposed transaction.


**Responsible Witness:** Mike Guntrum

**DOCUMENT  
FOLDER**

**DOCKETED**  
JAN 3 - 2006

## VERIFICATION

MIKE GUNTRUM, subject to the penalties of 18 Pa. Cons. Stat. § 4904 relating to unsworn falsification to authorities, hereby avers that he is Manager for Business Development for PENNSYLVANIA-AMERICAN WATER COMPANY, that as such he is authorized to sign this Verification its behalf; and that the facts set forth in the foregoing Data Requests are true and correct to the best of his knowledge, information or belief.

  
Mike Guntrum

Pennsylvania-American Water Company

Dated:



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

December 19, 2005

Via UPS Overnight Delivery

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street, PO Box 3265  
Harrisburg, PA 17105-3265

ORIGINAL

RECEIVED  
2005 DEC 22 AM 9:24  
PA P.U.C. BUREAU  
SECRETARY'S BUREAU

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

Dear Mr. McNulty:

On behalf of Pennsylvania-American Water Company, enclosed for filing with you are an original and three copies of a request to Amend the above-referenced Application.

Sincerely,

  
Velma A. Redmond

blg  
Enclosures  
cc: Office of Trial Staff  
Office of Small Business Advocate  
Office of Consumer Advocate  
Department of Environmental Protection  
Clarion Area Authority

DOCUMENT  
FOLDER



26

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**DOCUMENT  
FOLDER**

**Application Docket  
No. A-230073F0009**

**RECEIVED**  
2005 DEC 22 AM 9:24  
PA P.U.C.  
SECRETARY'S BUREAU

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts.**

**TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

Pennsylvania-American Water Company ("Pennsylvania-American" or "Applicant") by its attorneys have filed on February 1, 2005 pursuant to Section 1102(a) of the Public Utility Code (66 Pa.C.S. §1102(a)), an Application for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American (2) the rights of Pennsylvania American Water to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania American Water to assume certain Clarion Area Authority contracts Pennsylvania-American now wishes to amend said Application. In support of this request, the Applicant states as follows:

**DOCKETED**  
JAN 5 - 2006

**Reason for Amendment**

By this Amendment, Pennsylvania American seeks permission to delete from its Application, the request of to assume the Agreement between Clarion Area Authority ("CAA") and Monroe Township, dated September 6, 1977, because that agreement has terminated and is no longer in effect.

**Amendment**

Pennsylvania-American hereby amends paragraph 31 of the Application, to the extent that the Application seeks approval for Pennsylvania-American to assume the Agreement of September 6, 1977 between Monroe Township and Clarion Area Authority. The Agreement has terminated and Commission approval of Pennsylvania-American's assumption of this contract is no longer desired.

WHEREFORE, the Pennsylvania-American respectfully requests that the Commission issue the necessary certificate of public convenience approving Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume the contract between the Municipal Authority of Strattanville Borough and Clarion County dated June 11, 1986.

Respectfully submitted,



Velma A. Redmond, Esquire  
Susan Simms Marsh, Esquire  
Counsel for

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

Dated: December 19, 2005

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts.**

**Application No. A-230073F0009**

**PROOF OF SERVICE**

I hereby certify that I am this day serving the above-referenced Amendment upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Clarion County Planning Commission  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion County Commissioners  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion Borough  
Borough Council President  
R. D. 3, Box 34A  
Clarion, PA 16214

Clarion Borough  
Planning Commission  
R. D. 3, Box 34A  
Clarion, PA 16214

Clarion Township  
Board of Supervisors  
Bergen C. Dilley  
R. D. 1  
Strattenville, PA 16258

Clarion Township  
Planning Commission  
Bergen C. Dilley  
R. D. 1  
Strattenville, PA 16258

Monroe Township  
Board of Supervisors  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Monroe Township  
Planning Commission  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Office of Trial Staff  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
Harrisburg, PA 17105

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

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

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



Velma A. Redmond, Esquire  
Corporate Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
(717) 533-5000

Dated: December 19, 2005

RECEIVED  
2005 DEC 22 AM 9:24  
PA P.U.C. BUREAU  
SECRETARY'S



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

IN REPLY PLEASE  
REFER TO OUR FILE

December 29, 2005

Velma A. Redmond, Esq.  
Susan D. Simms, Esq.  
Pennsylvania – American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033

DOCUMENT  
FOLDER

A-230073F0009 RECEIVED  
2005 DEC 30 AM 9:06  
PA P.U.C. SECRETARY'S BUREAU

Re: Pennsylvania-American (PAWC)/Clarion Area Auth. (CAA) acquisition  
Docket No. A-230073F0009

Dear Attorneys Redmond and Simms:

Thank you for the responses to our second set of data requests; the enclosed are follow-up concerns. Again, this information is necessary for completion of our review of the filing.

An early and expeditious conclusion of your request is dependent upon full and responsive answers to the enclosed data requests, which should be received by this office no later than ten working days from the date of this letter.

Answers to these data requests need not be typed but restate each data request and its corresponding number before answering. Internal and informal worksheets, as long as they are legible, will suffice. It is requested that three copies of the data requests be provided to:

Mr. James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
P O Box 3265  
Harrisburg, PA 17105-3265  
Attention: Ralph Wax (717)787-3836  
Water/Wastewater Industry Group  
Bureau of Fixed Utility Services

DOCKETED  
JAN 12 2006

**Your answers should be verified per 52 Pa. Code § 1.36.** If any problems should arise that prevent a full response within ten working days or any clarification of these data requests is required, please contact the above staff person. Thank you for your cooperation.

Sincerely,

H. Edwin Rodrock, Supervisor  
Water/Wastewater Industry Group  
Bureau of Fixed Utility Services

HER:rew  
Enclosure  
cc: Clarion Area Authority

**Bureau of Fixed Utility Services  
Water/Wastewater Industry Group  
Pennsylvania-American/Clarion Area Auth. acquisition  
Docket No. A-230073F0009  
Data Requests**

**Note:** Restate the data request prior to providing a response. Also, include the name of the person providing the response.

**Application**

- A-19 Since there is not an active Monroe Township agreement, and it was indicated in Data Response A-12 (b) that the customers located in the Township are billed individually and the Township is no longer responsible for the payment of the customer accounts, indicate if any agreement or contract between PAWC and Monroe Township will be needed. If yes, provide a narrative regarding the necessary documents.
- A-20 Data Response A-15 indicated that Strattanville Borough Council had passed a resolution regarding the reassignment of their Agreement. Provide a copy of the resolution.
- A-21 a) Data Response A-16 indicated that CAA's solicitor had issued a letter indicating CAA's rates would increase effective on January 1, 2006. Please provide a copy of the letter and the new rates.  
b) Indicate if these new rates are the rates which PAWC will use following the acquisition.
- A-22 It is understood that PAWC may not operate the subject facilities until DEP has transferred the NPDES Permit. Provide a copy of the fully executed Consent Order and Agreement as soon as it is finalized.



DOCUMENT  
FOLDER

# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

December 29, 2005

RECEIVED  
2006 JAN -3 AM 10:10  
PA P.U.C. BUREAU  
SECRETARY'S BUREAU

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265  
Attention: Ralph Wax  
Bureau of Fixed Utility Services  
Water/Wastewater Industry Group

ORIGINAL

Re: Pennsylvania-American Water Company/Clarion Area Authority  
Acquisition Docket No. A-230073F0009

Dear Mr. McNulty:

In response to H. Edwin Rodrock's letter dated November 16, 2005, Pennsylvania-American Water Company's filed answers to additional data requests regarding the above referenced docket number on December 19, 2005. To complete the response to question A-15, enclosed please find three (3) copies the resolution passed by the Strattanville Borough Municipal Authority consenting to the assignment of the agreement between Strattanville Borough Municipal Authority and Clarion Area Authority to Pennsylvania-American Water Company.

Sincerely,

Velma A. Redmond

05 DEC 31 PM 2:54  
FIXED UTILITY SERVICES

blg  
Enclosures

cc: H. Edwin Rodrock  
L. Ebersol



9

RESOLUTION NUMBER 2-2005

WHEREAS Clarion Area Authority ("CAA") and Pennsylvania-American Water Company ("PAWC") have entered into an Asset Purchase Agreement dated November 19, 2004 (the "2004 Agreement"), pursuant to which CAA will transfer to PAWC substantially all of CAA's assets used in the business of collecting and treating municipal sewage and related services and activities in Clarion Borough and Clarion Township and Monroe Township in Clarion County

BE IT RESOLVED that Strattanville Borough Municipal Authority consents to the assignment by Clarion Area Authority (CAA) of all of its rights, titles and interests in and under the Agreement dated June 11, 1986 between the Municipal Authority of Strattanville Borough and CAA (the "1986 Agreement") to Pennsylvania-American Water Company ("PAWC"). The assignment will be effective as of the date of completion of the transactions contemplated by the 2004 Agreement (the "Closing Date"). Upon such assignment, CAA shall automatically be released from all of its obligations and liabilities under the 1986 Agreement attributable to events or circumstances occurring from and after the Closing Date, and PAWC will automatically be deemed to have accepted such assignment and assumed all of the duties and obligations of CAA under the 1986 Agreement arising from events or circumstances occurring from and after the Closing Date. CAA shall remain responsible for all obligations and liabilities under the 1986 Agreement arising from events or circumstances occurring before the Closing Date.

RESOLVED AND ENACTED this 14<sup>th</sup> day of December 2005.

  
Russell Davis, Chairman

ATTEST:

  
Karen Wilson, Secretary



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

January 9, 2006

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
PO Box 3265  
Harrisburg, PA 17105-3265

ORIGINAL

PA.P.U.C.  
SECRETARY'S BUREAU

2006 JAN 12 AM 8:53

RECEIVED

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

DOCUMENT  
FOLDER

Dear Mr. McNulty:

Enclosed for your files are four (4) copies of an Amendment to the Asset Purchase Agreement between Pennsylvania-American Water Company and Clarion Area Authority extending the closing deadline to March 31, 2006.

A Certificate of Service is also enclosed evidencing service upon all parties of record.

Sincerely,

Velma A. Redmond

blg  
Enclosures  
cc: L. Ebersol



10

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In Re: Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. D o c k e t N o . A - 230073F0009**

**PROOF OF SERVICE**

I hereby certify that I am this day serving the above-referenced Amendment upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Clarion County Planning Commission  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion County Commissioners  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion Township  
Board of Supervisors  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16258

Clarion Township  
Planning Commission  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16053258

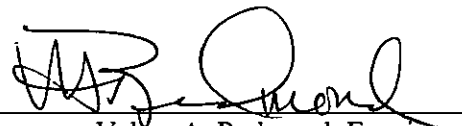
Clarion Borough  
Borough Council  
R. D. 3, Box 34 A  
Clarion, PA 16214

Clarion Borough  
Planning Commission  
R. D. 3, Box 34A  
Clarion, PA 16214

Monroe Township  
Board of Supervisors  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Monroe Township  
Planning Commission  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

RECEIVED  
2006 JAN 12 AM 8:53  
PA.P.U.C.  
SECRETARY'S BUREAU



Velma A. Redmond, Esquire  
Susan S. Marsh, Esquire  
Corporate Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
(717) 533-5000

Dated: January 9, 2006

AMENDMENT OF THE ASSET PURCHASE AGREEMENT  
BETWEEN  
CLARION AREA AUTHORITY AND  
PENNSYLVANIA-AMERICAN WATER COMPANY

PA.P.U.C.  
SECRETARY'S BUREAU

2006 JAN 12 AM 8:53

RECEIVED

THIS AGREEMENT is made and entered into as of the 29<sup>th</sup> day of December, 2005, by and between CLARION AREA AUTHORITY ("CAA"), a Pennsylvania municipal authority, 162 South Second Avenue, Clarion, PA 16214, and PENNSYLVANIA-AMERICAN WATER COMPANY ("Pennsylvania American"), a Pennsylvania corporation, 800 West Hershey Park Drive, Hershey, Pennsylvania 17033.

WITNESSETH

WHEREAS, CAA is a municipal authority owning and operating a public sanitary wastewater system in Clarion Borough, and Clarion and Monroe Townships, Clarion County, Pennsylvania; and

WHEREAS, Pennsylvania-American is a public utility engaged in the business of storing, supplying, distributing and selling water to the public in various areas in Pennsylvania including certain areas in the vicinity of CAA's Wastewater System in Clarion Borough, and Clarion and Monroe Townships, Clarion County, Pennsylvania; and

WHEREAS, Pennsylvania-American and CAA entered into an Asset Purchase Agreement (hereinafter referred to as the Asset Purchase Agreement), dated November 19, 2004 whereby CAA will sell and Pennsylvania-American will purchase substantially all of the assets, properties and rights of CAA's Wastewater System; and

WHEREAS, there may be a delay in the Closing of the sale of the CAA Wastewater System to Pennsylvania-American; and

WHEREAS, Pennsylvania-American and CAA now desire to amend the Agreement by revising Sections 3.1 and 10.8.1 to extend the expiration date of the Agreement; and

WHEREAS, Pennsylvania-American and CAA now desire to enter into this First Amendment to confirm their understanding in writing.

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:

1. Asset Purchase Agreement. The Asset Purchase Agreement dated November 19, 2004 between Clarion Area Authority and Pennsylvania-American Water Company is incorporated herein by reference, as modified by the updated schedules attached hereto:

2. Amendment. (a) Article 3 Section 3.1 of the Agreement is hereby deleted, in its entirety, and the following substituted therefore:

*3.1 CLOSING. Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Acquired Assets (the "Closing") shall be held at such time and date as may be mutually satisfactory to the parties hereto ("the Closing Date"), within forty (40) days following the date on which all of the conditions set forth in Article 7 and 8 of this Agreement have been met. Provided, however, that if Closing shall not have occurred on or before March 31, 2006 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 in Clarion, Pennsylvania.*

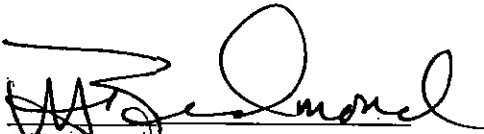
Article 10 Section 10.8 of the Agreement is hereby deleted, in its entirety, and the following substituted therefore:

10.8.1 TERMINATION OF AGREEMENT. *If Closing does not occur by March 31, 2006 with the full cooperation and diligent efforts of PAWC and CAA, then either party may terminate this Agreement upon written notice to the other, and the parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.*


3. Balance of Agreement. All other terms and conditions of the Agreement shall be and remain in effect and the Agreement shall only be amended as set forth in this First Amendment and the updated schedules attached hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment of the Asset Purchase Agreement between Clarion Area Authority and Pennsylvania-American Water Company to be executed on the day and year first above written.


ATTEST:

  
Name: Arthur A. Aaron  
Title: Secretary

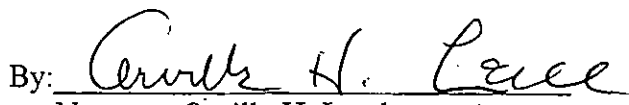
ATTEST:

  
Name: Arthur A. Aaron  
Title: Secretary

PENNSYLVANIA-AMERICAN WATER  
COMPANY

By:   
Name: Nick O. Rowe  
Title: (Vice) President

CLARION AREA AUTHORITY

By:   
Name: Orville H. Lerch  
Title: Chairman

## Schedule 4.4

### Permits and Compliance with Laws Generally

The Pennsylvania Department of Environmental Protection (DEP) Consent Order and Agreement dated June 19, 2000, has expired. CAA and Pennsylvania-American are currently negotiating a new Consent Order and Agreement with DEP.

CAA's National Pollutant Discharge Elimination System (NPDES) Permit No. PA0029491 expired June 26, 2005, and CAA has been operating without an NPDES permit since that date.

In July, 2005, DEP assessed CAA with a civil penalty in the amount of \$36,300.00 for certain violations of the June 19, 2000, Consent Order and Agreement. CAA has paid the civil penalty.

The Consent Order and Agreement which is being negotiated contains a provision whereby CAA shall pay a civil penalty of \$4,680.00 in settlement of certain violations set forth in the proposed Consent Order and Agreement.

RECEIVED  
2006 JAN 12 AM 8:53  
P.A.P.U.C.  
SECRETARY'S BUREAU

## Schedule 4.5

### Pending or Threatened Litigation

CAA has filed Declarations of Taking in Clarion County, Pennsylvania, at Docket Nos. 1385 C.D. 2005, 1435 C.D. 2005 and 1602 C.D. 2005.

Jean Corbett and TNT Holdings, LLC have filed suit against CAA in the Court of Common Pleas of Clarion County at Docket No. 1561 C.D. 2005. The lawsuit seeks damages in the total amount of \$23,661.75, plus interest and costs, for damages which the plaintiffs allege they have sustained as a result of CAA's failure to connect plaintiffs' property to a newly installed sewer line.

RECEIVED  
2006 JAN 12 AM 8:53  
PA.P.U.C.  
SECRETARY'S BUREAU

## Schedule 4:10

### Personalty

Pursuant to a Loan and Security Agreement dated December 15, 2005, between CAA and National City Bank of Pennsylvania for a Revenue Note, Series of 2005; in the principal amount of Five Hundred Eighty Thousand (\$580,000.00) Dollars, CAA has pledged and granted a security interest to National City Bank of Pennsylvania in all its personal property and fixed assets, including the following, whether now owned or hereafter acquired: inventory, goods of every nature, including machinery, vehicles and furniture, fixtures, all products thereof and all additions and accessions thereto, substitutions therefor and replacements thereof.

RECEIVED  
2006 JAN 12 AM 8:53  
PA.P.U.C.  
SECRETARY'S BUREAU

## Schedule 4.14

### Liabilities

On December 15, 2005, CAA redeemed its Sewer Revenue Bonds, Series of 1999.

On December 22, 2005, CAA prepaid the balance due on PENVEST Loan No. 72020.

On December 15, 2005, CAA entered into a Working Capital Loan with National City Bank of Pennsylvania ("the Loan") in the principal amount of \$580,000.00. The interest rate on the Loan is a variable rate of 67% of the Bank's Prime Rate. The Loan is secured by a pledge and security interest in CAA's revenues, personal property and fixed assets, as defined and set forth in a Loan and Security Agreement dated December 15, 2005, between Clarion Area Authority and National City Bank of Pennsylvania.

RECEIVED  
2006 JAN 12 AM 8:54  
P.A.P.U.C.  
SECRETARY'S BUREAU

**Schedule 8.1.15**

**Permits Issued**

NPDES Permit No. PA 0029491 expired June 26, 2005.

**RECEIVED**

2006 JAN 12 AM 8:54

PA.P.U.C.  
SECRETARY'S BUREAU

Schedule 8.1.19

Consent Order and Corrective Plan

The Consent Order and Agreement entered into on June 19, 2000, by DEP and CAA terminated June 30, 2005.

RECEIVED  
2006 JAN 12 AM 8:54  
PA.P.U.C.  
SECRETARY'S BUREAU



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

7 FEB 2006 2:22

PA P.U.C. BUREAU

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

February 1, 2006

James J. McNulty, Secretary  
Pennsylvania Public Utility  
Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265  
Attention: Ralph Wax  
Bureau of Fixed Utility Services  
Water/Wastewater Industry Group

DOCUMENT  
FOLDER

Re: Pennsylvania-American Water Company/Clarion Area Authority  
Acquisition  
Docket No. A-230073F0009

Dear Mr. McNulty:

In response to H. Edwin Rodrock's letter dated December 29, 2006, attached please find three (3) copies of Pennsylvania-American Water Company's answers to the data requests regarding the above referenced docket number.

Sincerely,

Velma A. Redmond

blg  
Enclosures

cc: H. Edwin Rodrock  
M. Guntrum

RECEIVED  
2006 FEB -7 AM 9:33  
PA P.U.C.  
SECRETARY'S BUREAU



RECEIVED

2006 FEB -7 AM 9:33

PA P.U.C.  
SECRETARY'S BUREAU

**BUREAU OF FIXED UTILITY SERVICES  
WATER/WASTEWATER INDUSTRY GROUP**

00 FEB -7 PM 2:23

**Pennsylvania-American Water Company/Clarion Area Authority**

**Acquisition**

**Docket No. A-2300730009**

**Data Requests**

**DOCUMENT  
FOLDER**

Application

A-19 Since there is not an active Monroe Township agreement, and it was indicated in Data Response A-12(b) that the customers located in the Township are billed individually and the Township is no longer responsible for the payment of the customer accounts, indicate if any agreement or contract between PAWC and Monroe Township will be needed. If yes, provide a narrative regarding the necessary documents.

**RESPONSE:** No agreement is needed between PAW and Monroe Township with respect to billing and payment of customer accounts.

A-20 Data Response A-15 indicated that Strattanville Borough Council had passed a resolution regarding the reassignment of their Agreement. Provide a copy of the resolution.

**RESPONSE:** A copy of the Strattanville Borough Council resolution is attached.

A-21 a) Data Response A-16 indicated that CAA's solicitor had issued a letter indicating CAA's rates would increase effectively on January 1, 2006. Please provide a copy of the letter and the new rates.

**RESPONSE:** A copy of the solicitor's letter is attached.

b) Indicate if these new rates are the rates which PAWC will use following the acquisition.

**RESPONSE:** PAW will adopt CAA's rates existing at the time of Closing.

A-22 It is understood that PAWC may not operate the subject facilities until DEP has transferred the NPDES Permit. Provide a copy of the fully executed Consent Order and Agreement as soon as it is finalized.

**RESPONSE:** PAWC will provide the Commission with a copy of the fully executed Consent Order and Agreement as soon as it is finalized.

**Responsible Witness: Mike Guntrum**

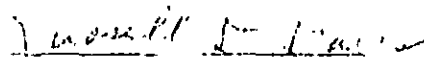
**DOCKETED**  
FEB 15 2006

RESOLUTION NUMBER 2-2005

WHEREAS Clarion Area Authority ("CAA") and Pennsylvania-American Water Company ("PAWC") have entered into an Asset Purchase Agreement dated November 19, 2004 (the "2004 Agreement"), pursuant to which CAA will transfer to PAWC substantially all of CAA's assets used in the business of collecting and treating municipal sewage and related services and activities in Clarion Borough and Clarion Township and Monroe Township in Clarion County

BE IT RESOLVED that Strattanville Borough Municipal Authority consents to the assignment by Clarion Area Authority (CAA) of all of its rights, titles and interests in and under the Agreement dated June 11, 1986 between the Municipal Authority of Strattanville Borough and CAA (the "1986 Agreement") to Pennsylvania-American Water Company ("PAWC"). The assignment will be effective as of the date of completion of the transactions contemplated by the 2004 Agreement (the "Closing Date"). Upon such assignment, CAA shall automatically be released from all of its obligations and liabilities under the 1986 Agreement attributable to events or circumstances occurring from and after the Closing Date, and PAWC will automatically be deemed to have accepted such assignment and assumed all of the duties and obligations of CAA under the 1986 Agreement arising from events or circumstances occurring from and after the Closing Date. CAA shall remain responsible for all obligations and liabilities under the 1986 Agreement arising from events or circumstances occurring before the Closing Date.

RESOLVED AND ENACTED this 14<sup>th</sup> day of December 2005.

  
Russell Davis, Chairman

ATTEST:

  
Karen Wilson, Secretary

# THE KENT S. POPE LAW FIRM

10 GRANT STREET, SUITE A  
CLARION, PENNSYLVANIA 16214

Telephone: 814/227-2100  
814/227-2192

Facsimile:

November 22, 2005

Clarion Borough Council  
E Main Street  
Clarion, Pennsylvania 16214

Clarion Township Board of Supervisors  
17382 Route 322  
Clarion, Pennsylvania 16214

Monroe Township Board of Supervisors  
17956 Route 68  
Sligo, Pennsylvania 16255

Post-It Fax Note 7871

Date: 11/22/05  
From: LWA  
To: Mike Guntz  
Co./Dept: PAWC  
Phone #: 717-531-3328  
Fax #: 717-531-3235  
CS: CAA  
Phone #: 814-226-8834  
Fax #: 226-5534

In Re: Clarion Area Authority - Collection Fees

To Whom It May Concern:

Please be advised that, in accordance with the respective service agreements between you and the Clarion Area Authority (The Clarion Borough and Clarion Township Agreement is dated September 1, 1965 and the Monroe Township Agreement is dated September 6, 1970.); due to a requirement contained in a sales agreement with Pennsylvania-American Water Company, the members of the Clarion Area Authority Board have voted to increase the Clarion Area Authority's collection fees as follows:

Usage Block (gallons)	Old Rate	New Rate
0 - 2,999	\$13.00	\$14.30
3,000 - 9,999	\$ 2.95	\$ 3.25
10,000 - 18,999	\$ 2.85	\$ 3.14
19,000 - 30,999	\$ 2.65	\$ 2.92
31,000 - 60,000	\$ 2.30	\$ 2.53
Over 60,000	\$ 2.30	\$ 2.53

Also, in accordance with the aforementioned agreements, please be advised that

the above stated rates will go into effect on January 1, 2006.

Clarion Area Authority - Collection Fees  
November 22, 2005  
Page 2

If anyone from your respective municipalities have any questions concerning this matter, please have them call me.

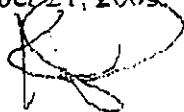
Very truly yours,

KSPbsh

cc: Lowell Snyder

Dear Lowell:

The above was sent in accordance with instructions given to me at the meeting on November 21, 2005. I will keep you advised as to any response I receive to the above letter.

A handwritten signature in black ink, appearing to be the initials 'KSP' followed by a stylized flourish.

# Old Rates

## CLARION AREA AUTHORITY RATE TABLE CURRENT YEAR 2005

1000s GALs.	CHARGE	1000s GALs.	CHARGE
1	13.00	32	98.80
2	13.00	33	101.45
3	15.95	34	104.10
4	18.90	35	106.75
5	21.85	36	109.40
6	24.80	37	112.05
7	27.75	38	114.70
8	30.70	39	117.35
9	33.65	40	120.00
10	36.60	41	122.65
11	39.55	42	125.30
12	42.40	43	127.95
13	45.35	44	130.60
14	48.10	45	133.25
15	50.95	46	135.90
16	53.80	47	138.55
17	56.65	48	141.20
18	59.50	49	143.85
19	62.35	50	146.50
20	65.20	51	149.15
21	68.05	52	151.80
22	70.90	53	154.45
23	73.75	54	157.10
24	76.60	55	159.75
25	79.45	56	162.40
26	82.30	57	165.05
27	85.15	58	167.70
28	88.00	59	170.35
29	90.85	60	172.65
30	93.50	61	174.95
31	96.15	62	177.25
		+	2.30

STEP SIZE	RATE	STEP SIZE	RATE
2000	13.00	30000	2.65
9000	2.95	60000	2.30
18000	2.85	+	2.20

**VERIFICATION**

MICHAEL J. GUNTRUM, subject to the penalties of 18 Pa. Cons. Stat. § 4904 relating to unsworn falsification to authorities, hereby avers that he is Manager for Business Development for PENNSYLVANIA-AMERICAN WATER COMPANY, that as such he is authorized to sign this Verification its behalf; and that the facts set forth in the foregoing Answer and New Matter are true and correct to the best of his knowledge, information or belief.



---

Michael J. Guntrum  
Pennsylvania-American Water Company

Dated: February 1, 2006



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

March 27, 2006

DOCUMENT  
FOLDER

DOCUMENT  
FOLDER

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
PO Box 3265  
Harrisburg, PA 17105-3265

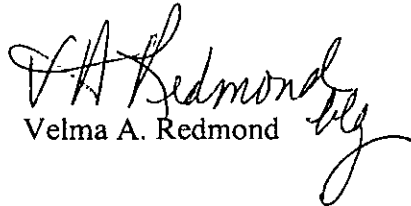
**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

Dear Mr. McNulty:

Enclosed for your files are four (4) copies of a Second Amendment to the Asset Purchase Agreement between Pennsylvania-American Water Company and Clarion Area Authority extending the Closing deadline to September 30, 2006, adjusting the Purchase Price and updating Schedule 4.6 (Environmental Matters).

A Certificate of Service is also enclosed evidencing service upon all parties of record.

Sincerely,

  
Velma A. Redmond

PA P.U.C.  
SECRETARY'S BUREAU

2006 APR 23 AM 10:37

RECEIVED

blg  
Enclosures  
cc: L. Ebersol



*JE*

RECEIVED

2006 APR 23 AM 10:37

PA P.U.C.  
SECRETARY'S BUREAU

**SECOND AMENDMENT OF THE ASSET PURCHASE  
AGREEMENT BETWEEN  
CLARION AREA AUTHORITY AND  
PENNSYLVANIA-AMERICAN WATER COMPANY**

THIS AGREEMENT is made and entered into as of the 24<sup>th</sup> day of March, 2006, by and between CLARION AREA AUTHORITY ("Clarion"), a Pennsylvania municipal authority, 162 South Second Avenue, Clarion, PA 16214, and PENNSYLVANIA-AMERICAN WATER COMPANY ("Pennsylvania American"), a Pennsylvania corporation, 800 West Hershey Park Drive, Hershey, Pennsylvania 17033.

WITNESSETH

WHEREAS, Clarion is a municipal authority owning and operating a public sanitary wastewater system in Clarion Borough, and Clarion and Monroe Townships, Clarion County, Pennsylvania; and

WHEREAS, Pennsylvania-American is a public utility engaged in the business of storing, supplying, distributing and selling water to the public in various areas in Pennsylvania including certain areas in the vicinity of Clarion's Wastewater System in Clarion Borough, and Clarion and Monroe Townships, Clarion County, Pennsylvania; and

WHEREAS, Pennsylvania-American and Clarion entered into an Asset Purchase Agreement (hereinafter referred to as the Asset Purchase Agreement), dated November 19, 2004 whereby Clarion will sell and Pennsylvania-American will purchase

substantially all of the assets, properties and rights of Clarion's Wastewater System;  
and

WHEREAS, Pennsylvania-American and Clarion entered into an Amendment of the Asset Purchase Agreement on or as of December 29, 2005; and

WHEREAS, there may be a delay in the Closing of the sale of the Clarion Wastewater System to Pennsylvania-American; and

WHEREAS, Pennsylvania-American and Clarion now desire to amend the Agreement by revising Section 3.1 and 10.8.1 to extend the expiration date of the Agreement and to reflect certain changed conditions which have occurred since the execution of the Asset Purchase Agreement and/or Amendment of the Asset Purchase Agreement; and

WHEREAS, Pennsylvania-American and Clarion now desire to enter into this Second Amendment to confirm their understanding in writing.

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:

1. Asset Purchase Agreement. The Asset Purchase Agreement dated November 19, 2004 and the Amendment of the Asset Purchase Agreement dated December 29, 2005, between Clarion Area Authority and Pennsylvania-American Water Company are incorporated herein by reference.

2. Amendments. (a) Article 2, 2.2 Adjustment to the Purchase Price, the following paragraph shall be added:

*In addition, if after the date that this Agreement is executed and*

*Prior to Closing, CAA deems it necessary to make capital expenditures in order to comply with the Consent Order and Agreement executed by Clarion on March 20, 2006, the text (but not the exhibits) of which is shown at Exhibit A, then the Purchase Price shall be increased on a dollar for dollar basis by the amount of the verifiable costs to CAA of those capital expenditures (including design and permitting costs related thereto), except for the design, permitting and construction of the outfall pipe from the treatment plant to the impounded portion of Trout Run, provided, that (i) CCA shall have provided PAWC with copies of all relevant materials related to the capital expenditures and the improvements or modifications to be made, (ii) any such capital improvements and costs have been approved in writing by PAWC, and (iii) and such capital improvements and costs will not exceed \$200,000.*

(b) Article 3 Section 3.1 of the Amendment of the Asset Purchase Agreement is hereby deleted, in its entirety, and the following is substituted for Article 3 Section 3.1 of the Purchase Agreement:

*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 Article 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 September 30, 2006 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 in Clarion, Pennsylvania.*

Article 10 Section 10.8 of the Amendment of the Asset Purchase Agreement is hereby deleted, in its entirety, and the following is substituted for Article 10 Section 10.8 of the Purchase Agreement:

10.8 TERMINATION OF AGREEMENT. *If Closing does not occur by September 30, 2006 with the full cooperation and diligent efforts of PAWC and Clarion, then either party may terminate this Agreement upon written notice to the other, and the parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.*

3. Schedule 4.4 Permits and Compliance with Laws Generally, shall be updated to read as follows: *The Pennsylvania Department of Environmental Protection entered into a Consent Order and Agreement with CAA dated June 19, 2000. On June 30, 2005, the 2000 Consent Order and Agreement terminated by its own terms. A new Consent Order and Agreement was executed by Clarion on March 20, 2006, and is expected to be executed by the Pennsylvania Department of Environmental Protection during March, 2006. A copy of the text of the Consent Order and Agreement executed by Clarion on March 20, 2006, outlining the status of permits and compliance, generally, is attached as Exhibit A.*

*National Pollutant Discharge Elimination System (NPDES) Permit Number PA0029491 expired on June 26, 2005.*

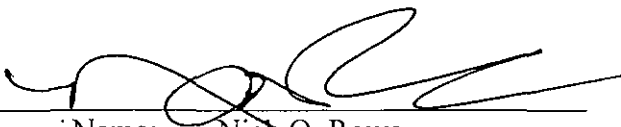
4. Schedule 4.6 Environmental Matters shall be updated to read as follows: *A copy of the text of the Consent Order and Agreement executed by Clarion on March 20,*

2006, outlining the status of environmental permit and compliance matters, is attached at Schedule 4.4.

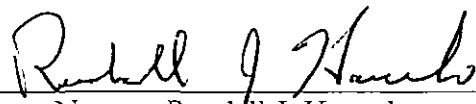
5. Balance of Agreement. All other terms and conditions of the Asset Purchase Agreement and the Amendment of the Asset Purchase Agreement shall be and remain in effect and be amended only as set forth in this Second Amendment of the Asset Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment of the Asset Purchase Agreement between Clarion Area Authority and Pennsylvania-American Water Company to be executed on the day and year first above written.

PENNSYLVANIA-AMERICAN WATER  
COMPANY

By:   
Name: Nick O. Rowe  
Title: (Vice) President

CLARION AREA AUTHORITY

By:   
Name: Randall J. Hannah  
Title: Chairman

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**IN THE MATTER OF:**

<b>Clarion Area Authority</b>	:	
Clarion County, Pennsylvania	:	The Clean Streams Law
	:	Pennsylvania Sewage Facilities Act
	:	

**CONSENT ORDER AND AGREEMENT**

This Consent Order and Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_ 2006,  
by and between the Commonwealth of Pennsylvania, Department of Environmental Protection  
("Department") and Clarion Area Authority ("Authority").

**FINDINGS**

The Department has found and determined the following:

**Parties**

A. The Department is the agency with the duty and authority to administer and enforce The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); the Pennsylvania Sewage Facilities Act, Act of January 24, 1966, P.L. 1535, *as amended*, 35 P.S. §§750.1-750.20a ("Sewage Facilities Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder ("Regulations").

B. The Authority is a municipal authority with a mailing address of 14 North Fifth Avenue, Clarion, Pennsylvania 16214.

C. The Authority is a “person” as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1.

### **Definitions**

D. The term “plant” is defined in 25 Pa. Code §94.1, as the devices, systems, or other works installed for the purpose of treating, recycling, or disposing of sewage.

E. The term “sewer system” is defined in 25 Pa. Code §94.1, as the pipelines or conduits, pumping stations and force mains, and other appurtenant constructions, devices and facilities used for conveying sewage to a plant.

F. The term “sewerage facilities” is defined in 25 Pa. Code §94.1, to collectively describe a plant and sewer system owned by or serving a municipality.

G. The term “sanitary sewer overflow” (“Overflow”) is defined in 25 Pa. Code §94.1, as an intermittent Overflow of wastewater, or other untreated discharge from a separate sanitary sewer system (which is not a combined sewer system), which results from a flow in excess of the carrying capacity of the system or from some other cause prior to reaching the head-works of the plant.

H. The term “Official Plan” is defined in Section 2 of the Sewage Facilities Act, 35 P.S. §750.2, as a comprehensive plan for the provision of adequate sewage systems adopted by a municipality or municipalities possessing authority or jurisdiction over the provision of such systems, and submitted to and approved by the Department as provided herein.

I. The term “Official Plan Revision” is defined in Section 2 of the Sewage Facilities Act, 35 P.S. §750.2, as a change in the municipality’s Official Plan to provide for additional or newly identified or future sewage facilities needs.

J. The term “stormwater” is defined in 25 Pa. Code §91.1, as the runoff from precipitation, snow melt runoff and surface runoff, and drainage.

## Background

K. The Authority owns and operates a sewage treatment plant that discharges treated sewage effluent from an effluent conveyance pipe (“Outfall 001”) into Trout Run, a “water of the Commonwealth,” as that term is defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Trout Run is designated as a Cold Water Fishery at 25 Pa. Code §93.9r, and originates near the southeastern boundary of the Borough of Clarion (“Borough”) and flows southwest to its confluence with the Clarion River.

L. The Authority’s sewage facilities are part of a publicly-owned treatment works (“POTW”) that consists of a sewage treatment plant, a sewer system, and five pump stations. The pump stations are known as Toby, Liberty Street, Mays, Chernicky, and Hemlock Ridge. The POTW includes the sewage collection and conveyance systems located within the boundaries of, and serves the residents of the Borough, Clarion Township (“Clarion Twp.”), and Monroe Township (“Monroe Twp”). In addition, a portion of Clarion Twp.’s sewer system, along Route 322 west of Strattanville, is conveyed to the Corridor (Bull Barn) pump station. This pump station is owned and operated by Strattanville Borough, but is permitted under the Authority’s Water Quality Management Permit No. 1673401. The Corridor pump station discharges to the Authority’s POTW.

M. The POTW is a sanitary sewer system that collects, conveys, and treats “sewage,” as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Currently, the sewage treatment plant has a rated capacity of 1.75 million gallons per day.

N. The Authority employs certified operators to operate and maintain the POTW and those portions of the Authority’s sewerage facilities within the Borough, Clarion Twp., and Monroe Twp. The operation and maintenance consists of, but is not limited to, flow monitoring, daily and weekly sampling, sludge removal and proper disposal, unclogging sewer lines, repairing or replacing

sewer lines, and removing excessive inflow and infiltration.

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

P. Beginning in 1938, the Authority received numerous permits, including NPDES Permit No. PA0029491 ("NPDES Permit") for the operation and maintenance of the POTW, and the sewer system within the Borough, Clarion Twp., and Monroe Twp. These permits permitted the sewer systems, as sanitary sewers only. A chronology and description of these permits can be found in Exhibit A, which is a copy of the June 19, 2000, Consent Order and Agreement between the Department and the Authority, and which is attached and incorporated herein by reference.

Q. On June 27, 2000, the Department reissued the NPDES Permit to the Authority for the discharge from the sewage treatment plant at Outfall 001 to Trout Run.

#### **November 16, 1983, Consent Order and Agreement**

R. On March 22, 1979, the Department informed the Authority that the POTW was hydraulically and organically overloaded. As a result, the Authority hired The Warnick Company, Inc. to conduct an infiltration/inflow study of the POTW ("Warnick Study").

S. On October 11, 1983, the Department received the final report of the Warnick Study that identified serious inflow problems within the sewerage conveyance system.

T. On November 16, 1983, the Department, the Authority, the Borough, Clarion Twp., and Monroe Twp. entered into a Consent Order and Agreement ("1983 Agreement") to resolve violations, which included operations and maintenance actions, sludge management actions,

reduction of hydraulic and organic overload conditions, actions to monitor and report Overflow, and actions to ultimately expand the POTW in accordance with the Authority's June 6, 1983, Official Plan Revision.

U. The Authority expanded its POTW pursuant to the 1983 Agreement and the Authority's June 6, 1983, Official Plan Revision.

V. On December 31, 1985, the 1983 Agreement terminated by its own terms.

**June 9, 2000, Consent Order and Agreement**

W. During the mid 1990s, the Authority's POTW was, once again, hydraulically overloaded. In addition, Outfall 001 was severed and caused the sewage treatment plant's discharge point to change from the location permitted by the NPDES Permit to a location that was not authorized or permitted by the Department.

X. In 1997, the Authority hired Lake Engineering to investigate the continuing hydraulic overload condition with the Authority's POTW. Lake Engineering, like The Warnick Company, Inc., identified inflow of stormwater as the main problem within the Authority's POTW, since flows at the POTW significantly increased when it rained.

Y. During the next two years, the Authority attempted to pinpoint the inflow of stormwater and to quantify the amount of inflow. The Authority, however, did not collect reliable flow data.

Z. In early 1999, the Authority hired another consultant, The EADS Group, Inc., to once again, investigate the continuing hydraulic overload condition with the Authority's sewerage facilities. The EADS Group, Inc., like both of the Authority's previous consultants, identified inflow of stormwater as the main problem with the Authority's sewerage facilities.

AA. On September 1, 1999, the Department conducted a stream survey on Trout Run in

Monroe Township, Clarion County. The stream survey revealed that water quality was degraded below Outfall 001. The stream survey report is attached as Exhibit B and incorporated herein by reference.

AB. On June 19, 2000, the Department and the Authority entered into another Consent Order and Agreement ("2000 Agreement") to reduce hydraulic overload conditions, Overflows, and generally bring the entire sewerage facilities back into compliance with applicable federal and State Regulations.

AC. On May 23, 2001, July 15, 2002, and March 17, 2003, the Department modified the 2000 Agreement to allocate further connections to the POTW for the Authority to use for new construction projects.

AD. On June 30, 2005, the 2000 Agreement terminated by its own terms.

#### **Compliance with 2000 Agreement**

AE. Under the terms of the 2000 Agreement, the Authority was required to submit a summary report which included, among other things, a schedule to implement additional proposed corrective measures by no later than September 30, 2004.

AF. Although the Authority submitted a report, it did not contain the required implementation schedule.

AG. On January 11, 2005, the Department sent a letter to the Authority which identified deficiencies with the summary report. Based upon that letter, the Authority committed to correcting the deficiencies with the summary report by no later than February 8, 2005.

AH. The Authority never corrected the deficiencies with the summary report.

AI. The 2000 Agreement also required, among other things, that the Authority submit an Official Plan Update to the Department by no later than April 1, 2005.

AJ. The Authority did not submit an Official Plan Update to the Department by April 1, 2005. Moreover, the Authority did not restore Outfall 001 to the location authorized under the NPDES Permit. Thus, as of the date of this Consent Order and Agreement, the sewage treatment plant's current discharge point remains unauthorized and unpermitted by the Department.

AK. On April 14, 2005, the Department sent a letter informing the Authority that it was in violation of the 2000 Agreement, and that the Authority owed stipulated penalties for its violations of the 2000 Agreement.

AL. On May 31, 2005, the Department rescinded the Authority's 2005 connection allocation, and any connections carried over from previous years because of the Authority's continuing violations of the 2000 Agreement.

AM. The Authority was still in violation of the 2000 Agreement when the 2000 Agreement expired on June 30, 2005.

AN. On July 21, 2005, the Authority paid all outstanding stipulated civil penalties owed under the 2000 Agreement.

#### **Expired NPDES Permit**

AO. Pursuant to 25 Pa. Code §92.9(a), all NPDES permits have a fixed term not to exceed five years.

AP. The Authority's NPDES Permit had an expiration date of June 26, 2005.

AQ. Pursuant to 25 Pa. Code §92.9(b), the terms and conditions of a NPDES permit are administratively extended if the permittee submits a timely application within 180 days prior to the expiration date of the NPDES permit and the Department, through no fault of the permittee, is unable to issue or deny a new permit before the expiration date of the previous permit.

AR. Pursuant to 25 Pa. Code §92.13, a NPDES permit may not be reissued if a permittee is

not in compliance with a Department Order:

AS. On December 28, 2004, the Department received a NPDES Permit renewal application from the Authority. However, because the Authority was in violation of the 2000 Agreement, the Department could not reissue the NPDES Permit by June 26, 2005.

AT. On June 26, 2005, the NPDES Permit expired.

AU. On July 8, 2005, the Department sent a letter to the Authority, which, among other things, informed the Authority that the NPDES Permit had expired on June 26, 2005, and that the Authority was operating their POTW without a NPDES permit.

AV. As of the date of this Consent Order and Agreement, the Authority continues to discharge to waters of the Commonwealth without an NPDES permit.

#### **Wasteload Issues and Hydraulic Overload Condition**

AW. Pursuant to Section 10 of the Sewage Facilities Act, 35 P.S. §750.10, and 25 Pa. Code §94.12, a municipality must submit an annual report to the Department that provides, among other things, the actions being taken to address inflow/infiltration issues, the hydraulic and organic condition of the permitted sewerage facilities, and any Overflows. Pursuant to 25 Pa. Code §94.21, if the annual report establishes, or if the Department determines that the sewerage facilities or any portions thereof are either hydraulically or organically overloaded, the permittee shall comply with 25 Pa. Code §§94.21(a)(1-3), (b) and (c)(1-5).

AX. The Authority submitted its annual reports to the Department for the years 2001, 2002, 2003, and 2004. These annual reports failed to provide any information concerning the sewer system monitoring program, which includes sampling frequency, quality assurance/data analysis, repair/rehabilitation of the sewer system, inflow/infiltration removed from the sewer system, and the monitoring of Overflows that had been occurring at the POTW and within the Authority's sewerage

facilities.

AY. Hydraulic overload is defined in 25 Pa. Code §94.1, as the condition that occurs when the monthly average flow entering a sewage treatment plant exceeds the hydraulic design capacity for three consecutive months out of the preceding 12 months, or when the flow in a portion of the sewer system exceeds hydraulic carrying capacity.

AZ. Based on Department inspections and a review of Department and Authority records, the Department has determined that the Authority's POTW remains hydraulically overloaded, and that the Authority has failed to implement an effective program required by 25 Pa. Code §94.21 to resolve the hydraulic overload condition.

BA. On July 8, 2005, the Department issued a ban on all connections to the Authority's sewerage conveyance system.

### **Overflows**

BB. PART A 3.c.(4)(a) of the NPDES Permit required the Authority to report any noncompliance which might endanger health or the environment, verbally within 24 hours, and in writing within five days of becoming aware of the circumstances.

BC. On June 24, 2005, the Department issued a Notice of Violation to the Authority for its failure to report an Overflow that occurred at a manhole upstream from the sewage treatment plant near Trout Run. The Overflow into Trout Run resulted in a fish kill.

BD. The Authority's Discharge Monitoring Reports submitted to the Department during August 2005, indicated that Overflows continue to occur prior to the head-works portion of the POTW.

BE. The Authority continues to discharge inadequately treated sewage from one or more unpermitted and unauthorized Overflow locations into Trout Run and the Clarion River. A summary

of the Authority's Overflows are attached as Exhibit C and incorporated herein by reference.

### Violations

BF. The Authority's failure to comply with the 2000 Agreement constitutes violations of Sections 5 and 610 of the Clean Streams Law, 35 P.S. §§691.5 and 691.610.

BG. The Authority's operation of the POTW, from June 27, 2005, until the date of this Consent Order and Agreement, without a NPDES permit issued by the Department, constitutes daily violations of Sections 201, 202, and 401 of the Clean Streams Law, 35 P.S. §§691.201, 691.202, and 691.401, and 25 Pa. Code Chapter 92.

BH. The Authority's failure to comply with its permits, as identified in Paragraphs P, Q, and W above, constitutes violations of Sections 5, 401, and 601 of the Clean Streams Law, 35 P.S. §§691.5, 691.401, and 691.601.

BI. The Authority's failure to provide sufficient wasteload management information to the Department in its annual wasteload reports is contrary to 25 Pa. Code §§94.12(a)(3), (4), (6), and (9), and violates Section 8 of the Sewage Facilities Act, 35 P.S. §750.8.

BJ. The Authority's Overflows, as set forth in Exhibit C, constitute separate violations of Sections 201, 202, 401, and 402 of the Clean Streams Law, 35 P.S. §§691.201, 691.202, 691.401, and 691.402.

BK. The Authority's failure to monitor and report Overflows to the Department is contrary to 25 Pa. Code §91.33, and constitutes violations of Section 611 of the Clean Streams Law, 35 P.S. §691.611; and Section 8 of the Sewage Facilities Act, 35 P.S. §750.8.

BL. The Authority's failure to maintain its POTW and adequately plan for the current sewerage needs of the community, constitutes violations of Section 5 of the Sewage Facilities Act, 35 P.S. §750.5; and Sections 401 and 601 of the Clean Streams Law, 35 P.S. §§691.401 and 691.601.

BM. The violations as described in Paragraphs BF through BL are continuing violations of Sections 5, 201, 202, 401, and 402 of the Clean Streams Law, 35 P.S. §§691.5, 691.201, 691.202, 691.401, and 691.402; and Section 8 of the Sewage Facilities Act, 35 P.S. §750.8.

BN. The violations set forth in Paragraph BM, above, constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611; a summary offense under Section 13 of the Sewage Facilities Act, 35 P.S. §750.13; a statutory nuisance under Sections 401 and 601 of the Clean Streams Law, 35 P.S. §§691.401 and 691.601, and Section 14 of the Sewage Facilities Act, 35 P.S. §750.14; potential pollution under Section 402 of the Clean Streams Law, 35 P.S. §691.402; and subject the Authority to civil penalty liability under Sections 5 and 605 of the Clean Streams Law, 35 P.S. §§691.5 and 691.605, and Section 13a of the Sewage Facilities Act, 35 P.S. §750.13a.

#### **Renewal NPDES Permit**

BO. The Authority has requested that the Department agree to treat the Authority's December 28, 2004, NPDES Permit as if it were administratively extended. For settlement purposes only, the Department has agreed to this request.

BP. The final Renewal NPDES Permit is attached as Exhibit D and incorporated herein by reference. A draft of the final Renewal NPDES permit was published in the *Pennsylvania Bulletin* on December 3, 2005. The Department shall issue a final Renewed NPDES Permit to the Authority upon execution of the Consent Order and Agreement and shall then publish notice of this final Renewed NPDES Permit and this Consent Order and Agreement in the *Pennsylvania Bulletin*.

### **ORDER**

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

AGREED to by the Authority as follows:

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

2. **Findings.**

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

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

3. **The Authority's Obligations.** The Authority shall take all actions necessary to comply with the Clean Streams Law, the Sewage Facilities Act, the NPDES Permit, Water Quality Management Permits, and all relevant Regulations promulgated thereunder. In doing so, the Authority shall also perform the following tasks in accordance with the following schedule:

a. Septic Sludge and/or Septage Waste and Industrial Waste. Upon execution of this Consent Order and Agreement, the Authority shall cease accepting, processing, or treating any septic sludge/septage waste or industrial waste at the POTW until a Septage and Industrial Waste Management Plan for the POTW is submitted to and approved by the Department in writing.

Thereafter, the Authority shall accept, process, and treat septic sludge/septage waste or industrial waste at the POTW in accordance with the Department approved Plan.

b. Standard Operating Procedures and Process Control Plan. Within 60 days of execution of this Consent Order and Agreement, the Authority shall prepare and submit a process control plan to the Department for review and approval. The process control plan shall comply with

Sections 6.1 and 13 of the Water and Waste Water Systems Operators' Certification Act, 63 P.S. §§1006.1 and 1013, and include, but not be limited to, a 30 minute settleability test, food to mass ratio, mixed liquor suspended solids analysis of the wastewater as collected from predetermined points, and a wet weather operational strategy to reduce loss of solids to Trout Run and the Clarion River.

c. Quality Assurance and Quality Control Plan. Within 60 days of execution of this Consent Order and Agreement, the Authority shall prepare and submit a quality assurance and quality control plan to the Department for review and approval. The quality assurance and quality control plan shall comply with Part A 3.a.(5) of the Renewal NPDES Permit, and include, at a minimum, periodic, duplicate, and spike sample analysis of the influent and effluent.

d. Influent and Effluent Sampling. Within 60 days of the execution of this Consent Order and Agreement, the Authority shall collect flow proportionate influent and effluent samples, pursuant to Part A 3.a. of the Renewed NPDES Permit.

e. Sewer System Evaluation.

i. Within 90 days of the execution of this Consent Order and Agreement, the Authority shall begin evaluating the sewer system within the Borough, Clarion Twp., and Monroe Twp. to identify areas of stormwater inflow. The Authority's evaluation shall take into consideration the previous evaluations done on the sewer system by The Warnick Company Inc., Lake Engineering, and The EADS Group, Inc., as set forth in Paragraphs S, X, and Z, above.

ii. Within 12 months of the execution of this Consent Order and Agreement, the Authority shall prepare and submit an inflow evaluation report to the Department for approval. The inflow evaluation report shall include: 1) a sewer system map delineating the entire sewer system with those sewer systems tributary to the Overflow discharge points specifically

identified; 2) a stormwater inflow removal plan that prioritizes the inflow areas, and 3) a schedule that will remove all stormwater inflow areas from the sewer system.

iii. Upon Department approval, the Authority shall implement the stormwater inflow removal plan and schedule. Nothing herein, however, shall prevent the Authority from repairing or improving the sewerage facilities in the ordinary course of business, prior to the Department's approval of the plan described in 3.e.ii, above, as long as the Authority obtains all necessary permits and conducts any necessary planning required for such improvements.

f. Short Term Projects. The Authority shall complete the following projects as set forth below. For the project set forth in Paragraph 3.f.i., the Authority shall insure that it submits administratively complete applications and receives all necessary permits and conducts all necessary planning in a timely manner to ensure that the project can be completed on time.

i. ***Relocation of Outfall 001.***

- (1) Within 60 days of the execution of this Consent Order and Agreement, the Authority shall submit an administratively complete Water Obstructions and Encroachments permit application to the Department for review and approval, in accordance with 25 Pa. Code §105, for the repair and/or replacement of the severed Outfall 001 and to restore the sewage treatment plant's discharge point to the location permitted under the NPDES Permit; and
- (2) Within 180 days of the Department's issuance of a Water Obstruction and Encroachments permit, the Authority shall complete construction of the Outfall 001 and restore the sewage treatment plant's discharge point to the location permitted under the NPDES Permit.

ii. ***Dissolved Oxygen Monitors.*** Within 90 days of the execution of this Consent Order and Agreement, the Authority shall install dissolved oxygen monitors at the sewage treatment plant for process control.

iii. *Automatic Gates.* Within 180 days of the execution of this Consent Order and Agreement, the Authority shall install automated gates on the influent flow side of the final clarifiers to optimize flow through the sewage treatment plant.

iv. *Permanent Flow Meters.* Within 180 days of the execution of this Consent Order and Agreement, the Authority shall install permanent flow meters at the Liberty Street pump station and at the head-works of the sewage treatment plant.

g. Wet Weather Sampling. The Authority shall collect 24-hour effluent composite samples when .5 inches or more of rainfall occurs during any 24-hour time frame between March 1<sup>st</sup> and November 30<sup>th</sup> as measured and recorded at the sewage treatment plant (“Wet Weather Event”). The Authority shall collect the samples in accordance with PART A 3.a, b, and c, of the Renewal NPDES Permit and shall calculate and report these Wet Weather Events to the Department on each monthly Discharge Monitoring Report.

h. Wasteload Management Annual Report. The Authority shall submit annual wasteload management reports to the Department that comply with 25 Pa.Code §94.12.

i. Sludge Removal. The Authority shall remove sludge from the POTW in sufficient quantities and with sufficient frequency in accordance with the following:

i. Beginning immediately and ongoing after the execution of this Consent Order and Agreement, the Authority shall use the “Sludge Estimating Worksheet” in establishing what constitutes, for the purposes of the Consent Order and Agreement, “sufficient quantities and with sufficient frequency to optimize the POTW’s proper operation.” A copy of the Sludge Estimating Worksheet is attached as Exhibit E and incorporated herein by reference;

ii. The Authority shall remove sludge from the POTW in accordance with calculations generated using the Sludge Estimating Worksheet. The Authority shall perform such

calculations on a monthly basis, and shall report the results of such calculations to the Department as an addendum to the monthly Discharge Monitoring Reports; and

iii. The Authority shall include the following information in the Discharge Monitoring Reports addendum: 1) a legible copy of each months sludge calculations, 2) legible copies of influent (Biochemical Oxygen Demand "BOD<sub>5</sub>") analysis sheets, 3) legible copies of effluent (Carbonaceous Biochemical Oxygen Demand "CBOD<sub>5</sub>") analysis sheets, and 4) a legible copy of each months daily operating report.

j. Quarterly Progress Reporting. The Authority shall submit to the Department written progress reports of its efforts to comply with the requirements of this Consent Order and Agreement. The written progress reports shall be submitted by the 30<sup>th</sup> day after each calendar quarter and continuing every calendar quarter thereafter until this Consent Order and Agreement is terminated.

4. ***Submittals***. For any proposal, plan, or other document that is required to be submitted to the Department pursuant to this Consent Order and Agreement, the Department will review the document and will approve, modify, or disapprove the document in writing. If the Department disapproves the document, the Authority shall submit a revised document to the Department within the time specified by the Department. Upon receipt of the revised document, the Department will approve, or modify and approve, the revised document in writing. The approved document or approved and modified document shall become a part of this Consent Order and Agreement for all purposes and shall be enforceable as such.

5. ***Administrative Completeness***. For the purposes of this Consent Order and Agreement, the term "administratively complete" shall mean that all permit applications submitted by the Authority shall contain all applicable fees, modules, signatures, certifications/reports by

applicable licensed professionals, with all necessary laboratory analyses, plans, maps, drawings, specifications, and/or supporting calculations, and any other necessary information/documents of sufficient quality to merit a full technical review by the Department or other applicable agency.

6. **Agreement to Not Appeal Final Renewal NPDES Permit.** The Authority hereby agrees not to appeal the final Renewal NPDES Permit No. PA0029491 reissued by the Department upon execution of this Consent Order and Agreement.

7. **Civil Penalty Settlement.** Upon signing this Consent Order and Agreement, the Authority shall pay a civil penalty of \$5,680. This payment is in settlement of the Department's claim for civil penalties for the violations set forth in Paragraph BN, above, covering the dates set forth herein. The payment shall be made by corporate check or the like made payable to Commonwealth of PA Clean Water Fund, and sent to the individual at the address set forth in Paragraph 13 (Correspondence with the Department), below.

8. **Stipulated Civil Penalties.**

a. If the Authority fails to comply in a timely manner with any applicable term or provision of this Consent Order and Agreement, the Authority shall be in violation of this Consent Order and Agreement and, in addition to other applicable remedies, shall pay a civil penalty in the amount determined under the following schedule:

i. The Authority shall pay the following penalties for the following violations:

- (1) \$1,000 per month for any Overflows within the sewer system reported during the monthly monitoring period;
- (2) \$100 per parameter for each effluent violation of weekly average loading or concentration reported as reported on the monthly Discharge Monitoring Reports;

- (3) \$150 per parameter for each effluent violation of monthly average loading or concentration reported on the monthly Discharge Monitoring Reports; and
- (4) \$200 per day for each violation of this Consent Order and Agreement, excluding effluent violations, as set forth above in Paragraphs 8.a.i.(1)-(3);

ii. Beginning April 1, 2006, the Authority shall pay \$2,000 per month for discharging from the sewage treatment plant to an unpermitted discharge point until such time as Outfall 001 is restored to its NPDES Permit location or until 180 days after the issuance of the Water Obstruction and Encroachments permit, whichever occurs first.

b. Stipulated civil penalty payments shall be payable monthly on or before the 30th day of each succeeding month, and shall be forwarded as described in Paragraph 7 (Civil Penalty Settlement), above.

c. Any payment under this Paragraph shall neither waive the Authority's duty to meet its obligations under this Consent Order and Agreement, nor preclude the Department from commencing an action to compel the Authority to comply with the terms and conditions of this Consent Order and Agreement. The payment resolves only the Authority's liability for civil penalties arising from the violation of this Consent Order and Agreement for which the payment is made.

9. ***Ban on Connections.***

a. The Authority agrees to a ban on all connections within the Borough, Clarion Twp., and that portion of Monroe Twp. served by the sewer system until such time as all of the obligations set forth under Paragraphs 3.b. through 3.d., 3.e.i. and ii., and 3.f., above, have been fully complied with. The Department, in its sole discretion, shall determine compliance with Paragraphs 3.b. through 3.d., 3.e.i. and ii., and 4.f., and the Authority hereby agrees not to appeal any such determination.

b. For the purposes of this Consent Order and Agreement, the term "connection," as defined in 25 Pa. Code §94.1, is a connection of a structure which contributes sewage to an organically and/or hydraulically overloaded sewerage system ("EDU").

c. If the Authority complies with Paragraphs 3.b. through 3.d., 3.e.i. and ii., and 3.f., the Authority shall receive an annual allocation of 20 EDUs for 2007, which may not be carried over to the next year.

d. Starting in 2008, the Authority may make an annual allocation request for 20 EDUs. The Authority shall make its annual EDU request in its Wasteload Management Annual Report, which it is required to file pursuant to Paragraph 3.i., above. EDUs granted pursuant to this Paragraph shall be valid from the approval date of the year in which they are granted until March 31 of the subsequent year ("EDU Period") and may not be carried over to the next EDU Period.

e. The Authority may make one request to the Department per year, in writing, for additional EDUs for economic development projects. Additional allocations requested by the Authority must be approved or disapproved, in writing, by the Department. The Authority agrees not to appeal any decision the Department makes concerning additional allocation requests while this Consent Order and Agreement is in force and effect.

f. Any exceptions to the Ban shall be submitted to the Department, in writing, and shall comply with 25 Pa. Code §§94.51 and 94.52. The Department, in its sole discretion, shall determine whether or not to grant any requested exception, and the Authority agrees to waive its right to appeal any such determination.

g. If the Authority is in violation of any term or condition of this Consent Order and Agreement, the Department may rescind and ban the allocation of new connections granted to the Authority under this Paragraph. Any such rescision and ban shall not apply to any new connection

that was issued concurrently with a building permit. If and when the Authority comes back into compliance with this Consent Order and Agreement, the Department may reinstate the connection allocation upon a written request from the Authority, as determined by the Department in its sole discretion.

10. ***Additional Remedies.***

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

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

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

12. ***Transfer of Sewerage Facilities and POTW.***

a. The Authority's duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the sewerage facilities and POTW or any part thereof..

b. If the Authority intends to transfer any legal or equitable interest in the sewerage facilities and POTW, or any part thereof, which is affected by this Consent Order and

Agreement, the Authority shall serve a copy of this Consent Order and Agreement upon the prospective transferee of the legal and equitable interest at least 30 days prior to the contemplated transfer, and shall simultaneously inform the Department of such intent pursuant to Paragraph 13 (Correspondence with the Department), below.

c. The Department, in its sole discretion, may agree to modify or terminate the Authority's duties and obligations under this Consent Order and Agreement upon transfer of the sewerage facilities and POTW, and upon the transferee entering into an enforceable agreement with the Department concerning the matters addressed in this Consent Order and Agreement. The Authority waives any rights that it may have to challenge the Department's decision in this regard.

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

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

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

Randall J. Hannah, Chairman  
Clarion Area Authority  
14 North Fifth Ave.  
Clarion, PA 16214

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

above address.

15. ***Decisions Under Consent Order.*** Any decision which the Department makes under the provisions of this Consent Order and Agreement is intended to be neither a final action under 25 Pa. Code §1021.2, nor an adjudication under 2 Pa.C.S. §101. Any objection which the Authority may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

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

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

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

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

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

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

a. The obligations, but not the Findings, of this Consent Order and Agreement shall terminate when the Authority has: 1) completed all of the requirements of this Consent Order and Agreement; 2) achieved compliance with the Clean Streams Law, the Sewage Facilities Act, and all applicable Regulations; 3) eliminated all Overflows for a minimum of 12 consecutive months; and 4) paid any outstanding penalties owed by the Authority, including any penalties owed pursuant to Paragraph 8, under this Consent Order and Agreement.

b. The Department, in its sole discretion, may decide to terminate this Consent Order and Agreement at any time after December 1, 2012, and the Authority agrees to waive its right to appeal any decision in this regard.

22. **Resolution.** Attached as Exhibit F is a resolution of the Authority authorizing its signatory below to enter into this Consent Order and Agreement on its behalf.

IN WITNESS WHEREOF, the Parties have caused this Consent Order and Agreement to be executed by their duly authorized representative. The undersigned representative of the Authority certifies under penalty of law, as provided by 18 Pa.C.S. §4904, that he is authorized to execute this Consent Order and Agreement on behalf of the Authority; that the Authority consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that the Authority hereby knowingly waives its rights to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing

Board Act; the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. §7514; the Administrative Agency Law, 2 Pa.C.S. §103(a) and Chapters 5A and 7A; or any other provision of law. Signature by the Authority's attorney certifies only that the agreement has been signed after consulting with counsel.

**FOR CLARION AREA AUTHORITY:**

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

---

Randall J. Hannah  
Chairman

---

Ricardo F. Gilson  
Regional Manager  
Water Management  
Northwest Region

---

Keith M. Pemrick  
Attorney for the Authority

---

Stephanie K. Gallogly  
Assistant Counsel

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In Re: Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. D o c k e t N o . A - 230073F0009**

**PROOF OF SERVICE**

I hereby certify that I am this day serving the above-referenced Amendment upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Clarion County Planning Commission  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion County Commissioners  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion Township  
Board of Supervisors  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16258

Clarion Township  
Planning Commission  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16053258

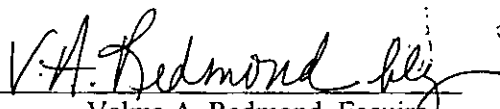
Clarion Borough  
Borough Council  
R. D. 3, Box 34 A  
Clarion, PA 16214

Clarion Borough  
Planning Commission  
R. D. 3, Box 34A  
Clarion, PA 16214

Monroe Township  
Board of Supervisors  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Monroe Township  
Planning Commission  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

RECEIVED  
2006 APR 23 AM 10:37  
PA P.U.C.  
SECRETARY'S BUREAU

  
Velma A. Redmond, Esquire  
Susan S. Marsh, Esquire  
Corporate Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
(717) 533-5000

Dated: March 27, 2006



# Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

# ORIGINAL

Velma A. Redmond  
Vice President, Corporate Counsel  
and Secretary

August 2, 2006

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
PO Box 3265  
Harrisburg, PA 17105-3265

RECEIVED  
2006 AUG -3 AM 9:14  
PA P.U.C. BUREAU  
SECRETARY'S BUREAU

**In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania, and (3) the right of Pennsylvania-American Water Company to assume certain Clarion Area Authority contracts. Application No. A-230073F0009**

Dear Mr. McNulty:

Enclosed for your files are four (4) copies of a Third Amendment to the Asset Purchase Agreement between Pennsylvania-American Water Company and Clarion Area Authority extending the Closing deadline to December 31, 2006, adjusting the Purchase Price, updating Schedule 4.4 (Permits and Compliance) and revising paragraph 6.2.6 regarding rates.

A Certificate of Service is also enclosed evidencing service upon all parties of record.

Sincerely,

Velma A. Redmond

blg  
Enclosures  
cc: C. Johnston

## DOCUMENT FOLDER



11

RECEIVED

2006 AUG -3 AM 9:15

PA P.U.C  
SECRETARY'S BUREAU

**THIRD AMENDMENT OF THE ASSET PURCHASE  
AGREEMENT BETWEEN  
CLARION AREA AUTHORITY AND  
PENNSYLVANIA-AMERICAN WATER COMPANY**

THIS AGREEMENT is made and entered into as of the 2<sup>nd</sup> day of August, 2006, by and between CLARION AREA AUTHORITY ("Clarion"), a Pennsylvania municipal authority, 162 South Second Avenue, Clarion, PA 16214, and PENNSYLVANIA-AMERICAN WATER COMPANY ("Pennsylvania American"), a Pennsylvania corporation, 800 West Hershey Park Drive, Hershey, Pennsylvania 17033.

WITNESSETH

WHEREAS, Clarion is a municipal authority owning and operating a public sanitary wastewater system in Clarion Borough, and Clarion and Monroe Townships, Clarion County, Pennsylvania; and

WHEREAS, Pennsylvania-American is a public utility engaged in the business of storing, supplying, distributing and selling water to the public in various areas in Pennsylvania including certain areas in the vicinity of Clarion's Wastewater System in Clarion Borough, and Clarion and Monroe Townships, Clarion County, Pennsylvania; and

WHEREAS, Pennsylvania-American and Clarion entered into an Asset Purchase Agreement (hereinafter referred to as the Asset Purchase Agreement), dated November 19, 2004 whereby Clarion will sell and Pennsylvania-American will purchase

substantially all of the assets, properties and rights of Clarion's Wastewater System;  
and

WHEREAS, Pennsylvania-American and Clarion entered into an Amendment of the Asset Purchase Agreement on or as of December 29, 2005 and a Second Amendment of the Asset Purchase Agreement on or as of March 24, 2006; and

WHEREAS, there may be a delay in the Closing of the sale of the Clarion Wastewater System to Pennsylvania-American; and

WHEREAS, Pennsylvania-American and Clarion now desire to amend the Agreement by revising Section 3.1 and 10.8.1 to extend the expiration date of the Agreement and to reflect certain changed conditions which have occurred since the execution of the Asset Purchase Agreement and/or the Amendments of the Asset Purchase Agreement; and

WHEREAS, Pennsylvania-American and Clarion now desire to enter into this Third Amendment to confirm their understanding in writing.

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:

1. Asset Purchase Agreement. The Asset Purchase Agreement dated November 19, 2004, the Amendment of the Asset Purchase Agreement dated December 29, 2005, and the Second Amendment of the Asset Purchase Agreement dated March 24, 2006 between Clarion Area Authority and Pennsylvania-American Water Company are incorporated herein by reference.

2. Amendments. (a) Article 2, 2.2 Adjustment to the Purchase Price, the following paragraph shall be added:

*In addition, if after the date that this Agreement is executed and Prior to Closing, CAA deems it necessary to make capital expenditures in order to comply with the Consent Order and Agreement executed by Clarion on March 20, 2006, the text (but not the exhibits) of which is shown at Exhibit A, then the Purchase Price shall be increased on a dollar for dollar basis by the amount of the verifiable costs to CAA of those capital expenditures (including design and permitting costs related thereto), provided, that (i) CCA shall have provided PAWC with copies of all relevant materials related to the capital expenditures and the improvements or modifications to be made, (ii) any such capital improvements and costs have been approved in writing by PAWC, and (iii) and such capital improvements and costs will not exceed \$675,000.*

(b) Article 3 Section 3.1 of the Amendment of the Asset Purchase Agreement is hereby deleted, in its entirety, and the following is substituted for Article 3 Section 3.1 of the Purchase Agreement:

*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 Article 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, 2006 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 in Clarion, Pennsylvania.*

(c) Article 10 Section 10.8 of the Amendment of the Asset Purchase Agreement is hereby deleted, in its entirety, and the following is substituted for Article 10 Section 10.8 of the Purchase Agreement:

10.8 TERMINATION OF AGREEMENT. *If Closing does not occur by December 31, 2006 with the full cooperation and diligent efforts of PAWC and Clarion, then either party may terminate this Agreement upon written notice to the other, and the parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.*

3. Schedule 4.4 Permits and Compliance with Laws Generally, shall be updated to read as follows: *The Pennsylvania Department of Environmental Protection entered into a Consent Order and Agreement with CAA dated June 19, 2000. On June 30, 2005, the 2000 Consent Order and Agreement terminated by its own terms. A new Consent Order and Agreement was executed by Clarion on March 20, 2006, and was fully executed by DEP on or as of March 24, 2006. A copy of the text of the Consent Order and Agreement executed by Clarion on March 20, 2006, outlining the status of permits and compliance, generally, is attached as Exhibit A.*

*National Pollutant Discharge Elimination System (NPDES) Permit Number PA0029491 expired on June 26, 2005, and was reissued on April 1, 2006.*

4. Schedule 4.6 Environmental Matters shall be updated to read as follows: *A copy of the text of the Consent Order and Agreement executed by Clarion on March 20, 2006, outlining the status of environmental permit and compliance matters, is attached at Schedule 4.4.*

5. Rates. Paragraph 6.2.2 is hereby deleted, in its entirety, and the following is substituted for paragraph 6.2.2 of the Purchase Agreement.


6.2.6 Rates. PAWC will implement CAA's rates then in effect at Closing provided that such rates shall be at least twenty-three (23) percent higher than those in effect on the date the original Asset Purchase Agreement was executed.

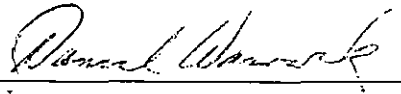
6. Balance of Agreement. All other terms and conditions of the Asset Purchase Agreement, the Amendment of the Asset Purchase Agreement and the Second Amendment of the Asset Purchase Agreement shall be and remain in effect and be amended only as set forth in this Third Amendment of the Asset Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment of the Asset Purchase Agreement between Clarion Area Authority and Pennsylvania-American Water Company to be executed on the day and year first above written.

ATTEST:


PENNSYLVANIA-AMERICAN WATER  
COMPANY

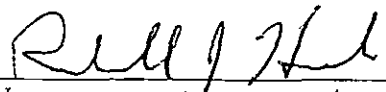
  
Name: V. A. Redmond  
Title: Secretary

By   
Name: Daniel W. Warnock  
Title: President

ATTEST:

CLARION AREA AUTHORITY

  
Name: Arthur A. Aaron  
Title: Secretary

By   
Name: R. J. Hawk  
Title: Chairman

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION

IN THE MATTER OF:

Clarion Area Authority :  
Clarion County, Pennsylvania : The Clean Streams Law  
: Pennsylvania Sewage Facilities Act  
:

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement is entered into this 23<sup>rd</sup> day of March, 2006,

by and between the Commonwealth of Pennsylvania, Department of Environmental Protection

("Department") and Clarion Area Authority ("Authority").

**FINDINGS**

The Department has found and determined the following:

Parties

A. The Department is the agency with the duty and authority to administer and enforce The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); the Pennsylvania Sewage Facilities Act, Act of January 24, 1966, P.L. 1535, *as amended*, 35 P.S. §§750.1-750.20a ("Sewage Facilities Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder ("Regulations").

B. The Authority is a municipal authority with a mailing address of 14 North Fifth Avenue, Clarion, Pennsylvania 16214.

C. The Authority is a “person” as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1.

**Definitions**

D. The term “plant” is defined in 25 Pa. Code §94.1, as the devices, systems, or other works installed for the purpose of treating, recycling, or disposing of sewage.

E. The term “sewer system” is defined in 25 Pa. Code §94.1, as the pipelines or conduits, pumping stations and force mains, and other appurtenant constructions, devices and facilities used for conveying sewage to a plant.

F. The term “sewerage facilities” is defined in 25 Pa. Code §94.1, to collectively describe a plant and sewer system owned by or serving a municipality.

G. The term “sanitary sewer overflow” (“Overflow”) is defined in 25 Pa. Code §94.1, as an intermittent Overflow of wastewater, or other untreated discharge from a separate sanitary sewer system (which is not a combined sewer system), which results from a flow in excess of the carrying capacity of the system or from some other cause prior to reaching the head-works of the plant.

H. The term “Official Plan” is defined in Section 2 of the Sewage Facilities Act, 35 P.S. §750.2, as a comprehensive plan for the provision of adequate sewage systems adopted by a municipality or municipalities possessing authority or jurisdiction over the provision of such systems, and submitted to and approved by the Department as provided herein.

I. The term “Official Plan Revision” is defined in Section 2 of the Sewage Facilities Act, 35 P.S. §750.2, as a change in the municipality’s Official Plan to provide for additional or newly identified or future sewage facilities needs.

J. The term “stormwater” is defined in 25 Pa. Code §91.1, as the runoff from precipitation, snow melt runoff and surface runoff, and drainage.

## Background

K. The Authority owns and operates a sewage treatment plant that discharges treated sewage effluent from an effluent conveyance pipe ("Outfall 001") into Trout Run, a "water of the Commonwealth," as that term is defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Trout Run is designated as a Cold Water Fishery at 25 Pa. Code §93.9r, and originates near the southeastern boundary of the Borough of Clarion ("Borough") and flows southwest to its confluence with the Clarion River.

L. The Authority's sewage facilities are part of a publicly-owned treatment works ("POTW") that consists of a sewage treatment plant, a sewer system, and five pump stations. The pump stations are known as Toby, Liberty Street, Mays, Chernicky, and Hemlock Ridge. The POTW includes the sewage collection and conveyance systems located within the boundaries of, and serves the residents of the Borough, Clarion Township ("Clarion Twp."), and Monroe Township ("Monroe Twp"). In addition, a portion of Clarion Twp.'s sewer system, along Route 322 west of Strattanville, is conveyed to the Corridor (Bull Barn) pump station. This pump station is owned and operated by Strattanville Borough, but is permitted under the Authority's Water Quality Management Permit No. 1673401. The Corridor pump station discharges to the Authority's POTW.

M. The POTW is a sanitary sewer system that collects, conveys, and treats "sewage," as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Currently, the sewage treatment plant has a rated capacity of 1.75 million gallons per day.

N. The Authority employs certified operators to operate and maintain the POTW and those portions of the Authority's sewerage facilities within the Borough, Clarion Twp., and Monroe Twp. The operation and maintenance consists of, but is not limited to, flow monitoring, daily and weekly sampling, sludge removal and proper disposal, unclogging sewer lines, repairing or replacing

sewer lines, and removing excessive inflow and infiltration.

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

P. Beginning in 1938, the Authority received numerous permits, including NPDES Permit No. PA0029491 (“NPDES Permit”) for the operation and maintenance of the POTW, and the sewer system within the Borough, Clarion Twp., and Monroe Twp. These permits permitted the sewer systems, as sanitary sewers only. A chronology and description of these permits can be found in Exhibit A, which is a copy of the June 19, 2000, Consent Order and Agreement between the Department and the Authority, and which is attached and incorporated herein by reference.

Q. On June 27, 2000, the Department reissued the NPDES Permit to the Authority for the discharge from the sewage treatment plant at Outfall 001 to Trout Run.

#### **November 16, 1983, Consent Order and Agreement**

R. On March 22, 1979, the Department informed the Authority that the POTW was hydraulically and organically overloaded. As a result, the Authority hired The Warnick Company, Inc. to conduct an infiltration/inflow study of the POTW (“Warnick Study”).

S. On October 11, 1983, the Department received the final report of the Warnick Study that identified serious inflow problems within the sewerage conveyance system.

T. On November 16, 1983, the Department, the Authority, the Borough, Clarion Twp., and Monroe Twp. entered into a Consent Order and Agreement (“1983 Agreement”) to resolve violations, which included operations and maintenance actions, sludge management actions,

reduction of hydraulic and organic overload conditions, actions to monitor and report Overflow, and actions to ultimately expand the POTW in accordance with the Authority's June 6, 1983, Official Plan Revision.

U. The Authority expanded its POTW pursuant to the 1983 Agreement and the Authority's June 6, 1983, Official Plan Revision.

V. On December 31, 1985, the 1983 Agreement terminated by its own terms.

#### **June 9, 2000, Consent Order and Agreement**

W. During the mid 1990s, the Authority's POTW was, once again, hydraulically overloaded. In addition, Outfall 001 was severed and caused the sewage treatment plant's discharge point to change from the location permitted by the NPDES Permit to a location that was not authorized or permitted by the Department.

X. In 1997, the Authority hired Lake Engineering to investigate the continuing hydraulic overload condition with the Authority's POTW. Lake Engineering, like The Warnick Company, Inc., identified inflow of stormwater as the main problem within the Authority's POTW, since flows at the POTW significantly increased when it rained.

Y. During the next two years, the Authority attempted to pinpoint the inflow of stormwater and to quantify the amount of inflow. The Authority, however, did not collect reliable flow data.

Z. In early 1999, the Authority hired another consultant, The EADS Group, Inc., to once again, investigate the continuing hydraulic overload condition with the Authority's sewerage facilities. The EADS Group, Inc., like both of the Authority's previous consultants, identified inflow of stormwater as the main problem with the Authority's sewerage facilities.

AA. On September 1, 1999, the Department conducted a stream survey on Trout Run in

Monroe Township, Clarion County. The stream survey revealed that water quality was degraded below Outfall 001. The stream survey report is attached as Exhibit ~~A~~<sup>546</sup> and incorporated herein by reference.

AB. On June 19, 2000, the Department and the Authority entered into another Consent Order and Agreement ("2000 Agreement") to reduce hydraulic overload conditions, Overflows, and generally bring the entire sewerage facilities back into compliance with applicable federal and State Regulations. *See Exhibit B.*<sup>546</sup>

AC. On May 23, 2001, July 15, 2002, and March 17, 2003, the Department modified the 2000 Agreement to allocate further connections to the POTW for the Authority to use for new construction projects.

AD. On June 30, 2005, the 2000 Agreement terminated by its own terms.

#### **Compliance with 2000 Agreement**

AE. Under the terms of the 2000 Agreement, the Authority was required to submit a summary report which included, among other things, a schedule to implement additional proposed corrective measures by no later than September 30, 2004.

AF. Although the Authority submitted a report, it did not contain the required implementation schedule.

AG. On January 11, 2005, the Department sent a letter to the Authority which identified deficiencies with the summary report. Based upon that letter, the Authority committed to correcting the deficiencies with the summary report by no later than February 8, 2005.

AH. The Authority never corrected the deficiencies with the summary report.

AI. The 2000 Agreement also required, among other things, that the Authority submit an Official Plan Update to the Department by no later than April 1, 2005.

AJ. The Authority did not submit an Official Plan Update to the Department by April 1, 2005. Moreover, the Authority did not restore Outfall 001 to the location authorized under the NPDES Permit. Thus, as of the date of this Consent Order and Agreement, the sewage treatment plant's current discharge point remains unauthorized and unpermitted by the Department.

AK. On April 14, 2005, the Department sent a letter informing the Authority that it was in violation of the 2000 Agreement, and that the Authority owed stipulated penalties for its violations of the 2000 Agreement.

AL. On May 31, 2005, the Department rescinded the Authority's 2005 connection allocation, and any connections carried over from previous years because of the Authority's continuing violations of the 2000 Agreement.

AM. The Authority was still in violation of the 2000 Agreement when the 2000 Agreement expired on June 30, 2005.

AN. On July 21, 2005, the Authority paid all outstanding stipulated civil penalties owed under the 2000 Agreement.

#### **Expired NPDES Permit**

AO. Pursuant to 25 Pa. Code §92.9(a), all NPDES permits have a fixed term not to exceed five years.

AP. The Authority's NPDES Permit had an expiration date of June 26, 2005.

AQ. Pursuant to 25 Pa. Code §92.9(b), the terms and conditions of a NPDES permit are administratively extended if the permittee submits a timely application within 180 days prior to the expiration date of the NPDES permit and the Department, through no fault of the permittee, is unable to issue or deny a new permit before the expiration date of the previous permit.

AR. Pursuant to 25 Pa. Code §92.13, a NPDES permit may not be reissued if a permittee is

not in compliance with a Department Order.

AS. On December 28, 2004, the Department received a NPDES Permit renewal application from the Authority. However, because the Authority was in violation of the 2000 Agreement, the Department could not reissue the NPDES Permit by June 26, 2005.

AT. On June 26, 2005, the NPDES Permit expired.

AU. On July 8, 2005, the Department sent a letter to the Authority, which, among other things, informed the Authority that the NPDES Permit had expired on June 26, 2005, and that the Authority was operating their POTW without a NPDES permit.

AV. As of the date of this Consent Order and Agreement, the Authority continues to discharge to waters of the Commonwealth without an NPDES permit.

#### **Wasteload Issues and Hydraulic Overload Condition**

AW. Pursuant to Section 10 of the Sewage Facilities Act, 35 P.S. §750.10, and 25 Pa. Code §94.12, a municipality must submit an annual report to the Department that provides, among other things, the actions being taken to address inflow/infiltration issues, the hydraulic and organic condition of the permitted sewerage facilities, and any Overflows. Pursuant to 25 Pa. Code §94.21, if the annual report establishes, or if the Department determines that the sewerage facilities or any portions thereof are either hydraulically or organically overloaded, the permittee shall comply with 25 Pa. Code §§94.21(a)(1-3), (b) and (c)(1-5).

AX. The Authority submitted its annual reports to the Department for the years 2001, 2002, 2003, and 2004. These annual reports failed to provide any information concerning the sewer system monitoring program, which includes sampling frequency, quality assurance/data analysis, repair/rehabilitation of the sewer system, inflow/infiltration removed from the sewer system, and the monitoring of Overflows that had been occurring at the POTW and within the Authority's sewerage

facilities.

AY. Hydraulic overload is defined in 25 Pa. Code §94.1, as the condition that occurs when the monthly average flow entering a sewage treatment plant exceeds the hydraulic design capacity for three consecutive months out of the preceding 12 months, or when the flow in a portion of the sewer system exceeds hydraulic carrying capacity.

AZ. Based on Department inspections and a review of Department and Authority records, the Department has determined that the Authority's POTW remains hydraulically overloaded, and that the Authority has failed to implement an effective program required by 25 Pa. Code §94.21 to resolve the hydraulic overload condition.

BA. On July 8, 2005, the Department issued a ban on all connections to the Authority's sewerage conveyance system.

### **Overflows**

BB. PART A 3.c.(4)(a) of the NPDES Permit required the Authority to report any noncompliance which might endanger health or the environment, verbally within 24 hours, and in writing within five days of becoming aware of the circumstances.

BC. On June 24, 2005, the Department issued a Notice of Violation to the Authority for its failure to report an Overflow that occurred at a manhole upstream from the sewage treatment plant near Trout Run. The Overflow into Trout Run resulted in a fish kill.

BD. The Authority's Discharge Monitoring Reports submitted to the Department during August 2005, indicated that Overflows continue to occur prior to the head-works portion of the POTW.

BE. The Authority continues to discharge inadequately treated sewage from one or more unpermitted and unauthorized Overflow locations into Trout Run and the Clarion River. A summary

of the Authority's Overflows are attached as Exhibit C and incorporated herein by reference.

### Violations

BF. The Authority's failure to comply with the 2000 Agreement constitutes violations of Sections 5 and 610 of the Clean Streams Law, 35 P.S. §§691.5 and 691.610.

BG. The Authority's operation of the POTW, from June 27, 2005, until the date of this Consent Order and Agreement, without a NPDES permit issued by the Department, constitutes daily violations of Sections 201, 202, and 401 of the Clean Streams Law, 35 P.S. §§691.201, 691.202, and 691.401, and 25 Pa. Code Chapter 92.

BH. The Authority's failure to comply with its permits, as identified in Paragraphs P, Q, and W above, constitutes violations of Sections 5, 401, and 601 of the Clean Streams Law, 35 P.S. §§691.5, 691.401, and 691.601.

BI. The Authority's failure to provide sufficient wasteload management information to the Department in its annual wasteload reports is contrary to 25 Pa. Code §§94.12(a)(3), (4), (6), and (9), and violates Section 8 of the Sewage Facilities Act, 35 P.S. §750.8.

BJ. The Authority's Overflows, as set forth in Exhibit C, constitute separate violations of Sections 201, 202, 401, and 402 of the Clean Streams Law, 35 P.S. §§691.201, 691.202, 691.401, and 691.402.

BK. The Authority's failure to monitor and report Overflows to the Department is contrary to 25 Pa. Code §91.33, and constitutes violations of Section 611 of the Clean Streams Law, 35 P.S. §691.611; and Section 8 of the Sewage Facilities Act, 35 P.S. §750.8.

BL. The Authority's failure to maintain its POTW and adequately plan for the current sewerage needs of the community, constitutes violations of Section 5 of the Sewage Facilities Act, 35 P.S. §750.5; and Sections 401 and 601 of the Clean Streams Law, 35 P.S. §§691.401 and 691.601.

BM. The violations as described in Paragraphs BF through BL are continuing violations of Sections 5, 201, 202, 401, and 402 of the Clean Streams Law, 35 P.S. §§691.5, 691.201, 691.202, 691.401, and 691.402; and Section 8 of the Sewage Facilities Act, 35 P.S. §750.8.

BN. The violations set forth in Paragraph BM, above, constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611; a summary offense under Section 13 of the Sewage Facilities Act, 35 P.S. §750.13; a statutory nuisance under Sections 401 and 601 of the Clean Streams Law, 35 P.S. §§691.401 and 691.601, and Section 14 of the Sewage Facilities Act, 35 P.S. §750.14; potential pollution under Section 402 of the Clean Streams Law, 35 P.S. §691.402; and subject the Authority to civil penalty liability under Sections 5 and 605 of the Clean Streams Law, 35 P.S. §§691.5 and 691.605, and Section 13a of the Sewage Facilities Act, 35 P.S. §750.13a.

#### **Renewal NPDES Permit**

BO. The Authority has requested that the Department agree to treat the Authority's December 28, 2004, NPDES Permit as if it were administratively extended. For settlement purposes only, the Department has agreed to this request.

BP. The final Renewal NPDES Permit is attached as Exhibit D and incorporated herein by reference. A draft of the final Renewal NPDES permit was published in the *Pennsylvania Bulletin* on December 3, 2005. The Department shall issue a final Renewed NPDES Permit to the Authority upon execution of the Consent Order and Agreement and shall then publish notice of this final Renewed NPDES Permit and this Consent Order and Agreement in the *Pennsylvania Bulletin*.

### **ORDER**

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

AGREED to by the Authority as follows:

1. **Authority.** This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to Section 610 of the Clean Streams Law, 35 P.S. §691.610; Section 10 of the Sewage Facilities Act, 35 P.S. §750.10; and Section 1917-A of the Administrative Code.
2. **Findings.**
  - a. The Authority agrees that the Findings in Paragraphs A through BP are true and correct and, in any matter or proceeding involving the Authority and the Department, the Authority shall not challenge the accuracy or validity of these Findings.
  - b. The Parties do not authorize any other persons to use the Findings in this Consent Order and Agreement in any matter or proceeding.
3. **The Authority's Obligations.** The Authority shall take all actions necessary to comply with the Clean Streams Law, the Sewage Facilities Act, the NPDES Permit, Water Quality Management Permits, and all relevant Regulations promulgated thereunder. In doing so, the Authority shall also perform the following tasks in accordance with the following schedule:
  - a. Septic Sludge and/or Septage Waste and Industrial Waste. Upon execution of this Consent Order and Agreement, the Authority shall cease accepting, processing, or treating any septic sludge/septage waste or industrial waste at the POTW until a Septage and Industrial Waste Management Plan for the POTW is submitted to and approved by the Department in writing. Thereafter, the Authority shall accept, process, and treat septic sludge/septage waste or industrial waste at the POTW in accordance with the Department approved Plan.
  - b. Standard Operating Procedures and Process Control Plan. Within 60 days of execution of this Consent Order and Agreement, the Authority shall prepare and submit a process control plan to the Department for review and approval. The process control plan shall comply with

Sections 6.1 and 13 of the Water and Waste Water Systems Operators' Certification Act, 63 P.S. §§1006.1 and 1013, and include, but not be limited to, a 30 minute settleability test, food to mass ratio, mixed liquor suspended solids analysis of the wastewater as collected from predetermined points, and a wet weather operational strategy to reduce loss of solids to Trout Run and the Clarion River.

c. Quality Assurance and Quality Control Plan. Within 60 days of execution of this Consent Order and Agreement, the Authority shall prepare and submit a quality assurance and quality control plan to the Department for review and approval. The quality assurance and quality control plan shall comply with Part A 3.a.(5) of the Renewal NPDES Permit, and include, at a minimum, periodic, duplicate, and spike sample analysis of the influent and effluent.

d. Influent and Effluent Sampling. Within 60 days of the execution of this Consent Order and Agreement, the Authority shall collect flow proportionate influent and effluent samples, pursuant to Part A 3.a. of the Renewed NPDES Permit.

e. Sewer System Evaluation.

i. Within 90 days of the execution of this Consent Order and Agreement, the Authority shall begin evaluating the sewer system within the Borough, Clarion Twp., and Monroe Twp. to identify areas of stormwater inflow. The Authority's evaluation shall take into consideration the previous evaluations done on the sewer system by The Warnick Company Inc., Lake Engineering, and The EADS Group, Inc., as set forth in Paragraphs S, X, and Z, above.

ii. Within 12 months of the execution of this Consent Order and Agreement, the Authority shall prepare and submit an inflow evaluation report to the Department for approval. The inflow evaluation report shall include: 1) a sewer system map delineating the entire sewer system with those sewer systems tributary to the Overflow discharge points specifically

identified; 2) a stormwater inflow removal plan that prioritizes the inflow areas, and 3) a schedule that will remove all stormwater inflow areas from the sewer system.

iii. Upon Department approval, the Authority shall implement the stormwater inflow removal plan and schedule. Nothing herein, however, shall prevent the Authority from repairing or improving the sewerage facilities in the ordinary course of business, prior to the Department's approval of the plan described in 3.e.ii, above, as long as the Authority obtains all necessary permits and conducts any necessary planning required for such improvements.

f. Short Term Projects. The Authority shall complete the following projects as set forth below. For the project set forth in Paragraph 3.f.i., the Authority shall insure that it submits administratively complete applications and receives all necessary permits and conducts all necessary planning in a timely manner to ensure that the project can be completed on time.

i. *Relocation of Outfall 001.*

- (1) Within 60 days of the execution of this Consent Order and Agreement, the Authority shall submit an administratively complete Water Obstructions and Encroachments permit application to the Department for review and approval, in accordance with 25 Pa. Code §105, for the repair and/or replacement of the severed Outfall 001 and to restore the sewage treatment plant's discharge point to the location permitted under the NPDES Permit; and
- (2) Within 180 days of the Department's issuance of a Water Obstruction and Encroachments permit, the Authority shall complete construction of the Outfall 001 and restore the sewage treatment plant's discharge point to the location permitted under the NPDES Permit.

ii. *Dissolved Oxygen Monitors*. Within 90 days of the execution of this Consent Order and Agreement, the Authority shall install dissolved oxygen monitors at the sewage treatment plant for process control.

iii. *Automatic Gates.* Within 180 days of the execution of this Consent Order and Agreement, the Authority shall install automated gates on the influent flow side of the final clarifiers to optimize flow through the sewage treatment plant.

iv. *Permanent Flow Meters.* Within 180 days of the execution of this Consent Order and Agreement, the Authority shall install permanent flow meters at the Liberty Street pump station and at the head-works of the sewage treatment plant.

g. Wet Weather Sampling. The Authority shall collect 24-hour effluent composite samples when .5 inches or more of rainfall occurs during any 24-hour time frame between March 1<sup>st</sup> and November 30<sup>th</sup> as measured and recorded at the sewage treatment plant (“Wet Weather Event”). The Authority shall collect the samples in accordance with PART A 3.a, b, and c, of the Renewal NPDES Permit and shall calculate and report these Wet Weather Events to the Department on each monthly Discharge Monitoring Report.

h. Wasteload Management Annual Report. The Authority shall submit annual wasteload management reports to the Department that comply with 25 Pa. Code §94.12.

i. Sludge Removal. The Authority shall remove sludge from the POTW in sufficient quantities and with sufficient frequency in accordance with the following:

i. Beginning immediately and ongoing after the execution of this Consent Order and Agreement, the Authority shall use the “Sludge Estimating Worksheet” in establishing what constitutes, for the purposes of the Consent Order and Agreement, “sufficient quantities and with sufficient frequency to optimize the POTW’s proper operation.” A copy of the Sludge Estimating Worksheet is attached as Exhibit E and incorporated herein by reference;

ii. The Authority shall remove sludge from the POTW in accordance with calculations generated using the Sludge Estimating Worksheet. The Authority shall perform such

calculations on a monthly basis, and shall report the results of such calculations to the Department as an addendum to the monthly Discharge Monitoring Reports; and

iii. The Authority shall include the following information in the Discharge Monitoring Reports addendum: 1) a legible copy of each months sludge calculations, 2) legible copies of influent (Biochemical Oxygen Demand "BOD<sub>5</sub>") analysis sheets, 3) legible copies of effluent (Carbonaceous Biochemical Oxygen Demand "CBOD<sub>5</sub>") analysis sheets, and 4) a legible copy of each months daily operating report.

j. Quarterly Progress Reporting. The Authority shall submit to the Department written progress reports of its efforts to comply with the requirements of this Consent Order and Agreement. The written progress reports shall be submitted by the 30<sup>th</sup> day after each calendar quarter and continuing every calendar quarter thereafter until this Consent Order and Agreement is terminated.

4. ***Submittals.*** For any proposal, plan, or other document that is required to be submitted to the Department pursuant to this Consent Order and Agreement, the Department will review the document and will approve, modify, or disapprove the document in writing. If the Department disapproves the document, the Authority shall submit a revised document to the Department within the time specified by the Department. Upon receipt of the revised document, the Department will approve, or modify and approve, the revised document in writing. The approved document or approved and modified document shall become a part of this Consent Order and Agreement for all purposes and shall be enforceable as such.

5. ***Administrative Completeness.*** For the purposes of this Consent Order and Agreement, the term "administratively complete" shall mean that all permit applications submitted by the Authority shall contain all applicable fees, modules, signatures, certifications/reports by

applicable licensed professionals, with all necessary laboratory analyses, plans, maps, drawings, specifications, and/or supporting calculations, and any other necessary information/documents of sufficient quality to merit a full technical review by the Department or other applicable agency.

6. *Agreement to Not Appeal Final Renewal NPDES Permit.* The Authority hereby agrees not to appeal the final Renewal NPDES Permit No. PA0029491 reissued by the Department upon execution of this Consent Order and Agreement.

7. *Civil Penalty Settlement.* Upon signing this Consent Order and Agreement, the Authority shall pay a civil penalty of \$5,680. This payment is in settlement of the Department's claim for civil penalties for the violations set forth in Paragraph BN, above, covering the dates set forth herein. The payment shall be made by corporate check or the like made payable to Commonwealth of PA Clean Water Fund, and sent to the individual at the address set forth in Paragraph 13 (Correspondence with the Department), below.

8. *Stipulated Civil Penalties.*

a. If the Authority fails to comply in a timely manner with any applicable term or provision of this Consent Order and Agreement, the Authority shall be in violation of this Consent Order and Agreement and, in addition to other applicable remedies, shall pay a civil penalty in the amount determined under the following schedule:

i. The Authority shall pay the following penalties for the following violations:

- (1) \$1,000 per month for any Overflows within the sewer system reported during the monthly monitoring period;
- (2) \$100 per parameter for each effluent violation of weekly average loading or concentration reported as reported on the monthly Discharge Monitoring Reports;

- (3) \$150 per parameter for each effluent violation of monthly average loading or concentration reported on the monthly Discharge Monitoring Reports; and
- (4) \$200 per day for each violation of this Consent Order and Agreement, excluding effluent violations, as set forth above in Paragraphs 8.a.i.(1)-(3);

ii. Beginning April 1, 2006, the Authority shall pay \$2,000 per month for discharging from the sewage treatment plant to an unpermitted discharge point until such time as Outfall 001 is restored to its NPDES Permit location or until 180 days after the issuance of the Water Obstruction and Encroachments permit, whichever occurs first.

b. Stipulated civil penalty payments shall be payable monthly on or before the 30th day of each succeeding month, and shall be forwarded as described in Paragraph 7 (Civil Penalty Settlement), above.

c. Any payment under this Paragraph shall neither waive the Authority's duty to meet its obligations under this Consent Order and Agreement, nor preclude the Department from commencing an action to compel the Authority to comply with the terms and conditions of this Consent Order and Agreement. The payment resolves only the Authority's liability for civil penalties arising from the violation of this Consent Order and Agreement for which the payment is made.

9. ***Ban on Connections.***

a. The Authority agrees to a ban on all connections within the Borough, Clarion Twp., and that portion of Monroe Twp. served by the sewer system until such time as all of the obligations set forth under Paragraphs 3.b. through 3.d., 3.e.i. and ii., and 3.f., above, have been fully complied with. The Department, in its sole discretion, shall determine compliance with Paragraphs 3.b. through 3.d., 3.e.i. and ii., and 4.f., and the Authority hereby agrees not to appeal any such determination.

b. For the purposes of this Consent Order and Agreement, the term “connection,” as defined in 25 Pa. Code §94.1, is a connection of a structure which contributes sewage to an organically and/or hydraulically overloaded sewerage system (“EDU”).

c. If the Authority complies with Paragraphs 3.b. through 3.d., 3.e.i. and ii., and 3.f., the Authority shall receive an annual allocation of 20 EDUs for 2007, which may not be carried over to the next year.

d. Starting in 2008, the Authority may make an annual allocation request for 20 EDUs. The Authority shall make its annual EDU request in its Wasteload Management Annual Report, which it is required to file pursuant to Paragraph 3.i., above. EDUs granted pursuant to this Paragraph shall be valid from the approval date of the year in which they are granted until March 31 of the subsequent year (“EDU Period”) and may not be carried over to the next EDU Period.

e. The Authority may make one request to the Department per year, in writing, for additional EDUs for economic development projects. Additional allocations requested by the Authority must be approved or disapproved, in writing, by the Department. The Authority agrees not to appeal any decision the Department makes concerning additional allocation requests while this Consent Order and Agreement is in force and effect.

f. Any exceptions to the Ban shall be submitted to the Department, in writing, and shall comply with 25 Pa. Code §§94.51 and 94.52. The Department, in its sole discretion, shall determine whether or not to grant any requested exception, and the Authority agrees to waive its right to appeal any such determination.

g. If the Authority is in violation of any term or condition of this Consent Order and Agreement, the Department may rescind and ban the allocation of new connections granted to the Authority under this Paragraph. Any such rescission and ban shall not apply to any new connection

that was issued concurrently with a building permit. If and when the Authority comes back into compliance with this Consent Order and Agreement, the Department may reinstate the connection allocation upon a written request from the Authority, as determined by the Department in its sole discretion.

10. *Additional Remedies.*

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

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

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

12. *Transfer of Sewerage Facilities and POTW.*

a. The Authority's duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the sewerage facilities and POTW or any part thereof.

b. If the Authority intends to transfer any legal or equitable interest in the sewerage facilities and POTW, or any part thereof, which is affected by this Consent Order and

Agreement, the Authority shall serve a copy of this Consent Order and Agreement upon the prospective transferee of the legal and equitable interest at least 30 days prior to the contemplated transfer, and shall simultaneously inform the Department of such intent pursuant to Paragraph 13 (Correspondence with the Department), below.

c. The Department, in its sole discretion, may agree to modify or terminate the Authority's duties and obligations under this Consent Order and Agreement upon transfer of the sewerage facilities and POTW, and upon the transferee entering into an enforceable agreement with the Department concerning the matters addressed in this Consent Order and Agreement. The Authority waives any rights that it may have to challenge the Department's decision in this regard.

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

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

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

Randall J. Hannah, Chairman  
Clarion Area Authority  
14 North Fifth Ave.  
Clarion, PA 16214

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

above address.

15. *Decisions Under Consent Order.* Any decision which the Department makes under the provisions of this Consent Order and Agreement is intended to be neither a final action under 25 Pa. Code §1021.2, nor an adjudication under 2 Pa.C.S. §101. Any objection which the Authority may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

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

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

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

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

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

21. *Termination of Consent Order and Agreement.*

a. The obligations, but not the Findings, of this Consent Order and Agreement shall terminate when the Authority has: 1) completed all of the requirements of this Consent Order and Agreement; 2) achieved compliance with the Clean Streams Law, the Sewage Facilities Act, and all applicable Regulations; 3) eliminated all Overflows for a minimum of 12 consecutive months; and 4) paid any outstanding penalties owed by the Authority, including any penalties owed pursuant to Paragraph 8, under this Consent Order and Agreement.

b. The Department, in its sole discretion, may decide to terminate this Consent Order and Agreement at any time after December 1, 2012, and the Authority agrees to waive its right to appeal any decision in this regard.

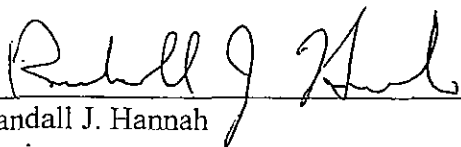
22. *Resolution.* Attached as Exhibit F is a resolution of the Authority authorizing its signatory below to enter into this Consent Order and Agreement on its behalf.

IN WITNESS WHEREOF, the Parties have caused this Consent Order and Agreement to be executed by their duly authorized representative. The undersigned representative of the Authority certifies under penalty of law, as provided by 18 Pa.C.S. §4904, that he is authorized to execute this Consent Order and Agreement on behalf of the Authority; that the Authority consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that the Authority hereby knowingly waives its rights to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing

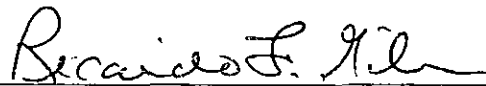
Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. §7514; the Administrative Agency Law, 2 Pa.C.S. §103(a) and Chapters 5A and 7A; or any other provision of law. Signature by the Authority's attorney certifies only that the agreement has been signed after consulting with counsel.

**FOR CLARION AREA AUTHORITY:**

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



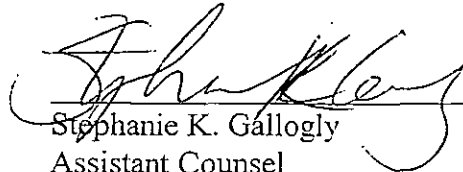
Randall J. Hannah  
Chairman



Ricardo F. Gilson  
Regional Manager  
Water Management  
Northwest Region



Keith M. Pemrick  
Attorney for the Authority



Stephanie K. Gallogly  
Assistant Counsel

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**In Re: Application of Pennsylvania-American Water Company (Wastewater Division) for approval of 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and 2) the right of Pennsylvania-American Water Company (Wastewater Division), to furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County, Pennsylvania. Docket No. A-230073F0009**

**PROOF OF SERVICE**

I hereby certify that I am this day serving the above-referenced Third Amendment upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Clarion County Planning Commission  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion County Commissioners  
Clarion County Courthouse  
Main Street  
Clarion, PA 16214

Clarion Township  
Board of Supervisors  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16258

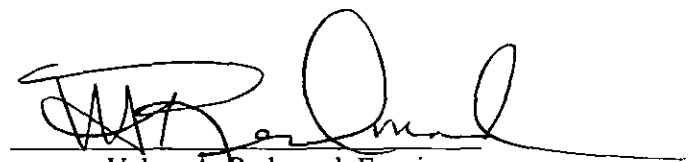
Clarion Township  
Planning Commission  
Bergen C. Dilley  
R. D. 1  
Strattanville, PA 16053258

Clarion Borough  
Borough Council  
R. D. 3, Box 34 A  
Clarion, PA 16214

Clarion Borough  
Planning Commission  
R. D. 3, Box 34A  
Clarion, PA 16214

Monroe Township  
Board of Supervisors  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255

Monroe Township  
Planning Commission  
Gerald J. Borovick  
R. D. 1  
Sligo, PA 16255



Velma A. Redmond, Esquire  
Susan S. Marsh, Esquire  
Corporate Counsel for  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
(717) 533-5000

RECEIVED  
2006 AUG -3 AM 9:15  
PA P.U.C.  
SECRETARY'S BUREAU

Dated: August 2, 2006



Seth A. Mendelsohn P 717-531-3362  
Corporate Counsel F 717-531-3399  
800 West Hersheypark Drive E [seth.mendelsohn@amwater.com](mailto:seth.mendelsohn@amwater.com)  
Hershey, PA 17033 I [www.amwater.com](http://www.amwater.com)

November 9, 2009

RECEIVED

NOV - 9 2009

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

James J. McNulty, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

ORIGINAL

Re: Application of Pennsylvania-American Water Company (PAWC) for approval of: 1) the transfer, by sale, of substantially all of the Clarion Area Authority's assets, properties and rights, related to its wastewater system to PAWC; 2) the right of PAWC to begin to offer or furnish wastewater service to the public in all of Clarion Borough and portions of the Townships of Clarion and Monroe, Clarion County; and 3) the right of PAWC to assume certain Clarion Area Authority contracts.  
A-230073F0009

Dear Secretary McNulty:

As directed in Paragraph 4 of the Commission's Order entered October 28, 2008, I am filing with the Office of Consumer Advocate, the Bureau of Fixed Utility Services, the Office of Trial Staff and the Office of Small Business Advocate a copy of the Original Cost Study for the acquisition of Clarion Area Authority's wastewater system. A Journal Entry Request form also accompanies the Original Cost Study.

If you have any questions, please do not hesitate to contact me. Thank you.

Sincerely,

Seth A Mendelsohn

eth

VIA UPS Overnight Delivery

cc: Office of Consumer Advocate w/Enc.  
Bureau of Fixed Utility Services w/Enc.  
Office of Trial Staff w/Enc.  
Office of Small Business Advocate w/Enc.