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File #: 165918

June 6, 2016

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: IN THE MATTER OF THE APPLICATION OF THE YORK WATER COMPANY, Under Sections 507, 1102(a)(1) and 1102(a)(3) of the Public Utility Code, for approval of the right of THE YORK WATER COMPANY to (1) enter into a municipal contract to acquire certain public wastewater facilities from West York Borough; (2) assume a municipal contract currently in effect between West York Borough and the City of York; (3) assume a municipal contract between West York Borough and West Manchester Township; and (4) begin to offer or furnish wastewater service to the public in the Borough of West York, York County, Pennsylvania - Docket Nos. A-2016-_____, A-2016-_____, A-2016-_____ and A-2016-_____

Dear Secretary Chiavetta:

Enclosed for filing is the Application of The York Water Company in the above-referenced proceeding. Also enclosed is a check in the amount of \$350.00 for the filing fee. A CD containing a copy of the above-referenced Application is also enclosed. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Devin Ryan

DTR/jl
Enclosures

Rosemary Chiavetta, Secretary
June 6, 2016
Page 2

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Application of The York Water Company has been served by certified mail, return receipt requested, upon the following:

York County Planning Commission
28 East Market Street
York, PA 17401

West Manchester Township Authority
2115 Log Cabin Rd.
York, PA 17408

West York Borough Council
1700 W. Philadelphia St.
York, PA 17404

West Manchester Township
380 East Berlin Road
York, PA 17408

Bureau of Investigation and Enforcement
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

York City Sewer Authority
345 E. Market St.
York, PA 17403

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

City of York
101 South George St.
York, PA 17401

Department of Environmental Protection
Southcentral Regional Office
909 Elmerton Avenue
Harrisburg, PA 17110-8200

Dated: June 6, 2016


Devin T. Ryan, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

IN THE MATTER OF THE APPLICATION OF :
THE YORK WATER COMPANY, Under :
Sections 507, 1102(a)(1) and 1102(a)(3) of the :
Public Utility Code, for approval of the right of :
THE YORK WATER COMPANY to (1) enter :
into a municipal contract to acquire certain public :
wastewater facilities from West York Borough; :
(2) assume a municipal contract currently in : Docket No. A-2016-_____
effect between West York Borough and the City : A-2016-_____
of York; (3) assume a municipal contract between : A-2016-_____
West York Borough and West Manchester : A-2016-_____
Township; and (4) begin to offer or furnish :
wastewater service to the public in the Borough of :
West York, York County, Pennsylvania. :

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Name and Address of Applicant:

THE YORK WATER COMPANY
130 East Market Street
York, PA 17401

2. Name and Address of Applicant's Attorneys:

Michael W. Hassell, Esq.
Devin T. Ryan, Esq.
Post & Schell, P.C.
17 North Second Street – 12th Floor
Harrisburg, PA 17101-1601

3(a). Brief Corporate History and Purpose:

Under Special Act of the Assembly of February 8, 1816, The York Water Company (“York Water” or the “Company”) was incorporated under the laws of the Commonwealth of Pennsylvania on February 23, 1816, for the purpose of supplying water in the Borough, now City of York, York County, Pennsylvania, and subsequent thereto duly extended

Borough, now City of York, York County, Pennsylvania, and subsequent thereto duly extended its franchised territory from time to time so as to include the 48 municipalities in which water service and three municipalities in which wastewater service is now being rendered as more fully set forth in Paragraph 4 hereof.

York Water has amended its Corporate Charter by filing its Articles of Amendment with the Pennsylvania Department of State on June 29, 1990 (#9033866 to 9033870) with Certificate of Amendment issued thereon on June 29, 1990, so as to consolidate into one description its chartered territory. A subsequent amendment was issued February 28, 1994, to include additional portions of Jackson, North Codorus, Lower Windsor and Hellam Townships, and East Prospect, Wrightsville and Abbottstown Boroughs, York County, Pennsylvania (Microfilm Numbers 09415.0349-0352). On May 20, 1996, York Water's Articles of Incorporation were restated and amended. The amended area added Jefferson Borough and portions of Codorus Township. On March 3, 1997, the Applicant filed Articles of Amendment to include the area encompassing the Boroughs of Glen Rock, Shrewsbury, New Freedom and Railroad, Shrewsbury Township and portions of North Hopewell and Hopewell Townships (Microfilm Numbers 09719.1725-1727).

On May 1, 2000, the Applicant's Articles of Incorporation were amended and restated (Microfilm Numbers 200035.389-392). The amended and restated Articles authorize the Company to provide wastewater service in the area that is the subject of this application.

3(b). Description of Service Furnished to the Public:

York Water now furnishes a supply of water to the public in the major portion of its franchised territory as hereinafter specified in Paragraph 4 hereof and wastewater service to portions of its franchised wastewater territory as hereinafter specified in Paragraph 4 hereof.

3(c). Amount of Stock and Bonds:

York Water has authorized, issued and outstanding as of December 31, 2015, 12,812,377 shares of Common Stock, with no stated par value. York Water has in force and effect an Optional Dividend Reinvestment and Direct Stock Purchase and Sale Plan and an Employee Stock Purchase Plan.

There are also outstanding as of December 31, 2015, the following Senior Notes, Industrial Development Authority Revenue Refunding Bonds, Pennvest Loan and Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds as follows:

10.17% Senior Notes, Series A, due 2019 (Securities Certificate No. S-880898 of 1988)	6,000,000
9.60% Senior Notes, Series B, due 2019 (Securities Certificate No. S-880898 of 1988)	5,000,000
10.05% Senior Notes, Series C, due 2019 (Securities Certificate No. S-900076 of 1990)	6,500,000
8.43% Senior Notes, Series D, due 2022 (Securities Certificate No. S-920287 of 1992)	7,500,000
4.50% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds, Series 2014, due 2038 (Securities Certificate No. S-2014-2405684 of 2014)	14,880,000
5.00% Monthly Senior Notes, Series 2010A, due 2040 (Securities Certificate No. S-2009-2122058 of 2009)	15,000,000
1.00% Pennvest Loan due 2019 (Securities Certificate No. S-00980703 of 1998)	162,000
Variable Rate Exempt Facilities Revenue Bonds, Series 2008A, due 2029 (Securities Certificate No. S-00041015 of 2004)	12,000,000
4.75% Exempt Facilities Revenue Bonds Series A	

of 2006, due 2036 (Securities Certificate No. S-00061150)	10,500,000
4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 – 2045 (Securities Certificate No. S-2014-2405684 of 2014)	10,000,000

4. Location of Existing Service Area:

York Water is now furnishing water service to the public in the major portion of its franchised territory which contains therein all or portions of 48 municipalities for water service as follows: The City of York, the Boroughs of East Prospect, Glen Rock, Hallam, Jacobus, Jefferson, Loganville, Manchester, Mount Wolf, New Freedom, New Salem, North York, Railroad, Seven Valleys, Shrewsbury, Spring Grove, West York, York Haven and Yorkana, and the Townships of East Manchester, Manchester, Spring Garden, Springettsbury and West Manchester, and parts of the Townships of Codorus, Conewago, Hellam, Hopewell, Jackson, Lower Windsor, Newberry, North Codorus, North Hopewell, Paradise, Shrewsbury, Springfield, West Manheim, Windsor and York, all in the County of York and the Boroughs of Abbottstown and Carroll Valley, and parts of Berwick, Cumberland, Hamilton, Mount Pleasant, Oxford, Reading and Union Townships, County of Adams, Commonwealth of Pennsylvania. In addition, York Water is now furnishing wastewater service to the public in portions of East Manchester Township, portions of Lower Windsor Township, and the Borough of East Prospect, all of which are located in York County.

The water community served has an estimated population of approximately 194,000 as of December 31, 2015, with water furnished to 65,447 customers as of December 31, 2015. Of these there were 4,779 metered commercial (including apartment complexes) and

industrial customers, 59,434 metered residential customers and 1,234 public and private fire protection customers. The wastewater community served has an estimated population of approximately 1,275 people with wastewater service furnished to 640 customers as of December 31, 2015.

All such water and wastewater service rendered to the public has been approved by virtue of the authority granted initially in York Water's Charter by Special Act of Assembly of February 8, 1816, and at various times subsequently by Certificates of Public Convenience duly granted by the Pennsylvania Public Service Commission and by the Pennsylvania Public Utility Commission ("Commission") under The Public Service Company Law, Public Utility Law or Public Utility Code of Pennsylvania.

5. Proposed Acquisition and Expansion of Service Territory:

York Water proposes to acquire the wastewater collection system owned by West York Borough ("West York"), York County, Pennsylvania and to expand its service territory to begin to offer or furnish wastewater service to the public in West York. The mailing address and street address for West York is 1700 W. Philadelphia St., York, PA 17404.

The purpose of this proposed acquisition of West York's wastewater assets and expansion of York Water's service territory is to enable York Water to serve wastewater customers throughout all of West York. West York currently provides wastewater collection service to approximately 1,667 public wastewater customers, all within the municipal limits of West York. West York currently does not serve any customers outside its municipal limits. West York does not own its own wastewater treatment works. Wastewater treatment is provided by the City of York. A map showing the municipal boundaries and existing service area is attached hereto as Exhibit "D".

West York determined that it was in the best interest of its current customers to sell its wastewater collection system to a company that had sufficient wastewater operations and maintenance experience to meet the wastewater demands of the public and was more experienced in dealing with utility service and the regulatory requirements associated with providing such service. West York has concluded that its investment in maintaining the collection system in recent years has been insufficient to provide reliable wastewater collection and transportation services. Inflow and infiltration are jeopardizing collection system capacity and long term viability of the collection system. More importantly, West York has concluded that it has insufficient experience to continue to meet the regulatory requirements associated with its wastewater obligations. Indeed, because no separate wastewater authority exists, the West York Borough Council provides the governance, financial and technical structure for West York's wastewater operations.

York Water has entered into an Agreement with West York dated January 18, 2016, to purchase the West York wastewater collection system. A copy of this Agreement is attached hereto as Exhibit "I" and describes the assets that will be acquired. York Water notes that there is no affiliation between York Water and West York and that all negotiations were conducted at arm's length. The proposed additional certificated service area (i.e., the municipal boundaries of West York) also has been discussed with York County officials, who concluded that the proposed expansion is consistent with York County's comprehensive plan. A planning consistency letter from the York County Planning Commission is attached as Exhibit "J."

Following acquisition of the West York collection system, York Water will operate the existing wastewater collection system as part of its wastewater operations, and West York will cease to provide public wastewater service. West York does not own or operate its own

wastewater treatment works. Sanitary waste generated in and conveyed through the West York collection system is connected to the sanitary sewer system of the City of York and treated by the City of York under agreement dated December 13, 1976 (amended October 21, 2003) and attached hereto as Exhibit “L”. Attached as Exhibit “O” is a letter from the City of York acknowledging and agreeing that York Water will succeed West York as the party to the West York-City of York agreement (see Exhibit “L”) upon closing of the proposed acquisition. A separate agreement between West York and West Manchester Township, dated May 28, 1959, and attached hereto as Exhibit “M”, describes operations and maintenance obligations for a shared sanitary lift station (physically located outside West York in West Manchester Township) and shared sanitary force main and sanitary trunk lines that carry sanitary waste from that sanitary lift station across municipal boundaries into the West York collection system. West Manchester Township has agreed that York Water will succeed West York as the party under this agreement. York Water requests Commission approval of these two municipal agreements as part of the approval of this acquisition and expansion of service territory. Requests for public wastewater service will be considered in accordance with the Company’s tariff and line extension rules.

York Water will begin providing wastewater service to the public in West York five days after the date of closing. Closing is contingent upon York Water obtaining Commission approval of this acquisition and West York transferring its NPDES Permit No. NPDES PA 0026263 to York Water. York Water has met with representatives of the Pennsylvania Department of Environmental Protection (“DEP”) to discuss this process and anticipates no issues.

6. Additional Capital Requirements:

York Water's capital requirements for the acquisition consist of the purchase price of Three-Hundred Ninety-Five Thousand dollars (\$395,000) (as agreed upon in the agreement of purchase entered into with West York Borough dated January 18, 2016, a copy of which is attached hereto, made a part hereof and marked Exhibit "I"); Twenty Thousand (\$20,000) dollars for the installation of Supervisory Control and Data Acquisition ("SCADA") equipment; and approximately Sixty Thousand dollars (\$60,000) for the installation of two meter vaults and associated wastewater flow meters to improve wastewater flow monitoring. The estimated total cost of Four Hundred and Seventy-Five Thousand dollars ($\$475,000 = \$395,000 + \$20,000 + \$60,000$) will be financed by internally generated funds, proceeds from the issuance of common stock under York Water's dividend reinvestment and direct stock purchase and employee stock purchase plans, and, if necessary, borrowings against York Water's lines of credit. All system improvements described in this paragraph will be completed and in service within six months of closing. Future system improvement plans will be based upon York Water's assessment of the condition of the wastewater collection system and the Company's effort to reduce inflow and infiltration into the collection system.

Furthermore, according to West York's records, there have been no contributions toward the construction of the West York wastewater system, and the West York wastewater system has no outstanding PENNVEST loans.

7. Plant in Service and Plant to be Acquired:

Attached as Exhibit "A" is a summary, by major plant category, of used and useful plant in service of York Water as of December 31, 2015.

Exhibit “B” is a balance sheet of York Water as of December 31, 2015, which provides the capitalization of the Company.

York Water will acquire the wastewater collection system owned and operated by West York. The system includes all of the physical plant, property, and equipment used for the collection and transportation of sanitary waste in West York, including the Company Laterals as defined in York Water’s Wastewater Tariff. Additionally, York Water will acquire the utility easements and rights-of-way (if any) of West York. York Water will not acquire the Customer Laterals as defined in York Water’s Wastewater Tariff, and these will remain owned by customers. The wastewater collection system will be operated, maintained and managed by York Water’s Operations Department.

An identification of the assets that York Water will acquire is included in Exhibit “I”. West York maintains an inventory of assets and provided a spreadsheet of those assets to York Water. Based upon West York’s inventory of assets and York Water’s analysis and incorporation of this inventory into York Water’s geospatial database, York Water estimates that the wastewater collection system consists of the following vitrified clay pipe, SDR 35 PVC pipe and Company Laterals.

361.21	Manholes	EA	227
361.20	Gravity Collection Mains	1,011 ft 1,210 ft 2,465 ft 3,443 ft 48,731 ft 78 ft	20” VCP 18” VCP 15” VCP 12” VCP 8” VCP 8” SDR 35 PVC
363.20	Company Laterals	1667	4” VCP

York Water will perform an original cost study for the purchase of the West York wastewater collection system. A more detailed listing and description of assets will be provided when the original cost study is completed and submitted.

The tentative journal entries for booking the purchase of the West York’s wastewater collection assets are shown in the tables below. The numbers in journal entry 2 are approximates and cannot be confirmed until the final original cost study has been completed.

1. Record Purchase of System

Account No.	Account Description	Debit	Credit
105	Construction Work in Process	\$395,000.00	
131	Cash		\$395,000.00

2. Close Project to Utility Plant

Account No.	Account Description	Debit	Credit
101	Utility Plant in Service	\$404,000.00	
108	Accumulated Depreciation		\$217,000.00
114	Utility Plant Acquisition Adj.	\$258,000.00	
105	Construction Work in Process (Purchase price + other acquisition costs)		\$445,000.00

8. Map of Service Area and Location of Facilities to Be Acquired:

Attached as Exhibit “D” is a map showing West York’s existing wastewater service area. A map of York Water’s proposed service territory is included in Exhibit “E.”

York Water requests approval to adopt West York’s existing service territory and expand its certificated service territory to include the entirety of West York.

Exhibit “F” is a map showing the general location of the major facilities to be acquired from West York, as described in Paragraph Nos. 5 and 7 above.¹

9. Future Capacity:

In accordance with the 1976 Agreement between West York and the City of York, (Exhibit “L”), the sewage from West York shall not exceed a maximum of 1,524,600 gallons during any 24 consecutive hours and/or a maximum average of 1,200,500 gallons per 24 hours during any period of seven consecutive days. These maximum and maximum average flows correspond to 4,356 Equivalent Dwelling Units (“EDUs”) and 3,430 EDUs respectively, with an EDU equivalent to a hydraulic loading of 350 Gallons per Day (“GPD”). With approximately 1,667 billed customers, West York bills its customers on a quarterly basis for 2,172 EDUs. Growth in West York is limited. As an older borough in York County, West York is ‘built out’ with limited opportunities for residential or commercial expansion. Based upon current loadings and projected development growth, York Water does not anticipate treatment capacity restrictions. Exhibit “H” is a table showing current and projected flow data through the year 2050 as extrapolated from West York’s 2014 Annual Municipal Wasteload Management (Chapter 94) Report. Based upon the Company’s succession to the existing Agreement with the City of York, and the projections summarized in Exhibit “H”, the Company expects to be able to meet projected requirements through the year 2050. York Water’s long range plans consider various collection, sanitary waste transportation and system maintenance alternatives to ensure the collection system is able to meet future requirements.

¹ As shown on Exhibit “F”, the West Manchester Pump Station is located approximately 0.1 miles west of the West York boundary in West Manchester Township. A sanitary force main extends east from the West Manchester Pump Station and connects with West York’s wastewater collection system.

10. Rates for Service:

York Water proposes rates for West York's customers that are intended to produce charges approximately equal to or less than their current charges for wastewater service. West York's rates are currently charged on a quarterly basis as follows: \$78.50/quarter per EDU for residential service, and \$97.00/quarter per EDU for commercial service. West York expressed interest in adding a consumption component to its sewer bills. Since York Water bills on a monthly basis, the Company proposes rates to be as follows: \$25/month plus \$2.00/1,000 gallons above 3,000 gallons per month per EDU for residential service, and \$35/month plus \$2.00/1,000 gallons above 3,000 gallons per month per EDU for commercial service. Those rates are reflected in York Water's pro forma tariff supplement, which is attached as Exhibit "P". Current and proposed rates are compared in Exhibit "G". Based upon York Water's study of 12 months of water consumption data from November 2014 – October 2015, York Water anticipates that 37% of existing West York customers would see a modest decrease in wastewater rates. With West York's interest in a consumption component, York Water anticipates there may be a slight reduction in water consumption as customers conserve water in order to commensurately reduce their sewer charges.

11. Profit and Loss Statement:

Attached as Exhibit "C" is a Statement of Income of York Water for the 12 months ended December 31, 2015. A calculation of the estimated annual revenue and expense figures for the proposed, additional territory is attached as Exhibit "N".

12. Compliance with DEP Requirements:

York Water has been in contact with DEP to determine if West York is in current violation or has had previous violations attributed to its sewer collection system. DEP is not

aware of any such violations, Consent Orders or Corrective Action Plans attributed to the West York sewer collection system. York Water will apply to DEP to transfer West York's NPDES Permit No. NPDES PA 0026263 to York Water. The Company is not required to comply with 25 Pa. Code § 109.503(a)(3), and no business plan is required.

13. No Competitive Condition:

No corporation, partnership or individual is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by York Water in the territory covered by this Application other than West York, and no competitive condition will be created. The West Manchester Township Municipal Authority provides wastewater service to the public adjacent to West York in West Manchester Township. The City of York and York City Sewer Authority provide wastewater service to the public adjacent to West York in the City of York. Neither West Manchester Township Municipal Authority nor the City of York/York City Sewer Authority provides wastewater service in West York.

14. Facilities for Furnishing Service:

York Water will employ the facilities acquired from West York to furnish wastewater service to customers currently served by West York. The facilities have sufficient capacity to provide service to all existing dwellings within the proposed service area.

15. Approval's Necessity and Propriety:

Approval of the Application is necessary and proper for the service, accommodation, convenience and safety of the public for the following reasons:

(a) West York is no longer willing to provide wastewater service to its customers due to the regulatory requirements necessary to continue to provide service and the difficulties in maintaining a viable wastewater collection system;

(b) York Water will bring significant resources to the West York Borough wastewater collection system in order to keep it in compliance with existing and proposed regulatory requirements;

(c) York Water currently provides water service to 1,642 active water customers in West York and, therefore, is familiar with the community; and

(d) The Commission encourages utilities, such as York Water, to acquire small wastewater systems such as the system owned and operated by West York. *See* 52 Pa. Code § 69.711.

16. Notification to Customers:

On February 3, 2016, York Water notified the residents of West York of the proposed acquisition and future filing of this Application, as well as the Company's proposed rates for wastewater service. A copy of the February 3, 2016 letter is attached hereto, made a part hereof, and marked as Exhibit "K."

WHEREFORE, Applicant requests that the Pennsylvania Public Utility Commission issue a Certificate of Public Convenience under the provisions of Sections 507, 1102(a)(1), and 1102(a)(3) of the Public Utility Code evidencing the approval of the Commission for The York Water Company to acquire the public wastewater facilities of West York Borough, to expand its service territory to include the municipal boundaries of West York Borough, York County, Pennsylvania, to assume a municipal contract currently in effect between West York Borough and the City of York, and to assume a municipal contract between West York Borough and West Manchester Townships, and such additional approvals as may be required to acquire the specified wastewater facilities owned by West York Borough.

ATTEST:


Secretary

THE YORK WATER COMPANY

By 
President and CEO

By 
Counsel for THE YORK WATER COMPANY

Exhibit “A”

THE YORK WATER COMPANY
UTILITY PLANT

	As of <u>December 31, 2015</u>
Organization	\$ 5,302
Franchises and consents	4,918
Water rights	39,972
Reservoir land	855,803
Power and pumping land	1,119,474
Purification land	26,734
Transmission & distribution land rights-of-way	95,921
Distribution reservoir and standpipe land	620,946
Office land	115,023
Stores, shop and garage land	135,845
Collecting and impounding reservoirs	4,640,398
Lake, river and other intakes	3,676,760
Wells and springs	53,325
Supply mains	177,419
Other water source structures	144,637
Power and pumping structures	8,881,700
Purification buildings	2,791,777
Office buildings	1,225,533
Stores, shop and garage buildings	2,909,814
Miscellaneous structures and improvements	199,859
Power generation equipment	1,403,752
Oil engine pumping equipment	1,810,714
Electric pumping equipment	3,129,059
Scada system	698,223
Purification system	18,070,261
Distribution reservoirs and standpipes	19,802,071
Mains and accessories	169,754,355
Services	39,914,085
Meters	18,272,927
Fire hydrants	7,429,803
Backflow preventors	401,555
Office furniture and equipment	8,459,500
Transportation equipment	1,348,327
Stores equipment	97,344
Shop equipment	67,395
General equipment	579,148
Tractor	34,370
Laboratory equipment	53,562
Construction equipment	153,375
Communication equipment	1,725,299
Miscellaneous equipment	306,042
Wastewater pumping land	7,170
Wastewater treatment land	144,504
Wastewater treatment structures	236,205
Wastewater power generation equipment	203,705
Wastewater collection sewers	1,236,251
Wastewater services	249,164
Wastewater pumping equipment	172,596
Wastewater treatment and disposal equipment	792,487
Wastewater monitoring equipment	72,897
Wastewater outfall lines	10,962
Wastewater transportation equipment	25,391
Wastewater communication equipment	162,733
Wastewater miscellaneous equipment	11,906
Total Utility Plant in Service	<u>\$ 324,558,298</u>
Construction work in progress	4,857,077
Utility plant acquisition adjustment	<u>(3,724,616)</u>
TOTAL UTILITY PLANT	<u>\$ 325,690,759</u>

Exhibit “B”

THE YORK WATER COMPANY
BALANCE SHEET

As of
December 31, 2015

ASSETS

UTILITY PLANT:

Utility Plant, at original cost	\$325,690,759
Less-Reserve for depreciation	<u>64,270,711</u>
	261,420,048

OTHER PHYSICAL PROPERTY:

Less-Reserve for depreciation	768,692
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CURRENT ASSETS:

Cash and cash equivalents	2,879,302
Accounts receivables, less reserves	3,534,953
Unbilled revenue	2,613,771
Materials and supplies, at cost	770,464
Prepaid expenses	729,287
Deferred income taxes	215,233
Other current assets	<u>0</u>
	10,743,010

OTHER LONG-TERM ASSETS:

Deferred debt expense	2,742,394
Notes receivable	255,481
Deferred regulatory assets	32,996,235
Other	<u>3,557,381</u>
	39,551,491

\$312,483,241

THE YORK WATER COMPANY
BALANCE SHEET

As of
December 31, 2015

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:

Common stock, no par value	\$77,317,362
Earnings retained in the business	<u>31,752,581</u>
	109,069,943

Long-term debt	<u>87,260,809</u>
	196,330,752

CURRENT LIABILITIES:

Short-term borrowings	0
Current portion of long-term debt	43,566
Accounts payable	1,812,996
Dividends payable	1,707,529
Accrued taxes	(1,039,242)
Accrued interest	976,225
Other accrued expenses	<u>1,472,470</u>
	4,973,544

DEFERRED CREDITS:

Customers' advances for construction	7,500,384
Contributions in aid of construction	34,929,825
Deferred employee benefits	11,078,817
Deferred regulatory liabilities	4,663,714
Deferred income taxes	50,495,350
Other deferred credits	<u>2,510,855</u>
	111,178,945

\$312,483,241

Exhibit “C”

THE YORK WATER COMPANY
STATEMENT OF INCOME

	Twelve Months Ended <u>December 31, 20</u>
OPERATING REVENUES:	
Residential	\$29,301,253
Commercial and industrial	13,812,898
Other	3,974,815
	47,088,966
 OPERATING EXPENSES:	
Operation and maintenance	8,065,697
Administrative and general	9,081,799
	17,147,496
Depreciation	6,151,402
Taxes other than income taxes	1,129,274
Income taxes	4,739,927
	29,168,099
Operating income	17,920,867
 INTEREST EXPENSE AND OTHER INCOME:	
Interest on debt	5,052,917
Allowance for funds used during construction	(205,729)
Other (income) expenses, net	584,639
	5,431,827
 NET INCOME	 \$12,489,040

EXHIBIT "C"

Exhibit “D”

Exhibit D
West York Borough
Existing Service Area

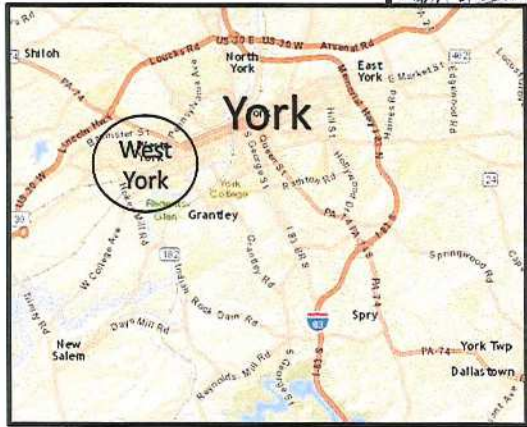
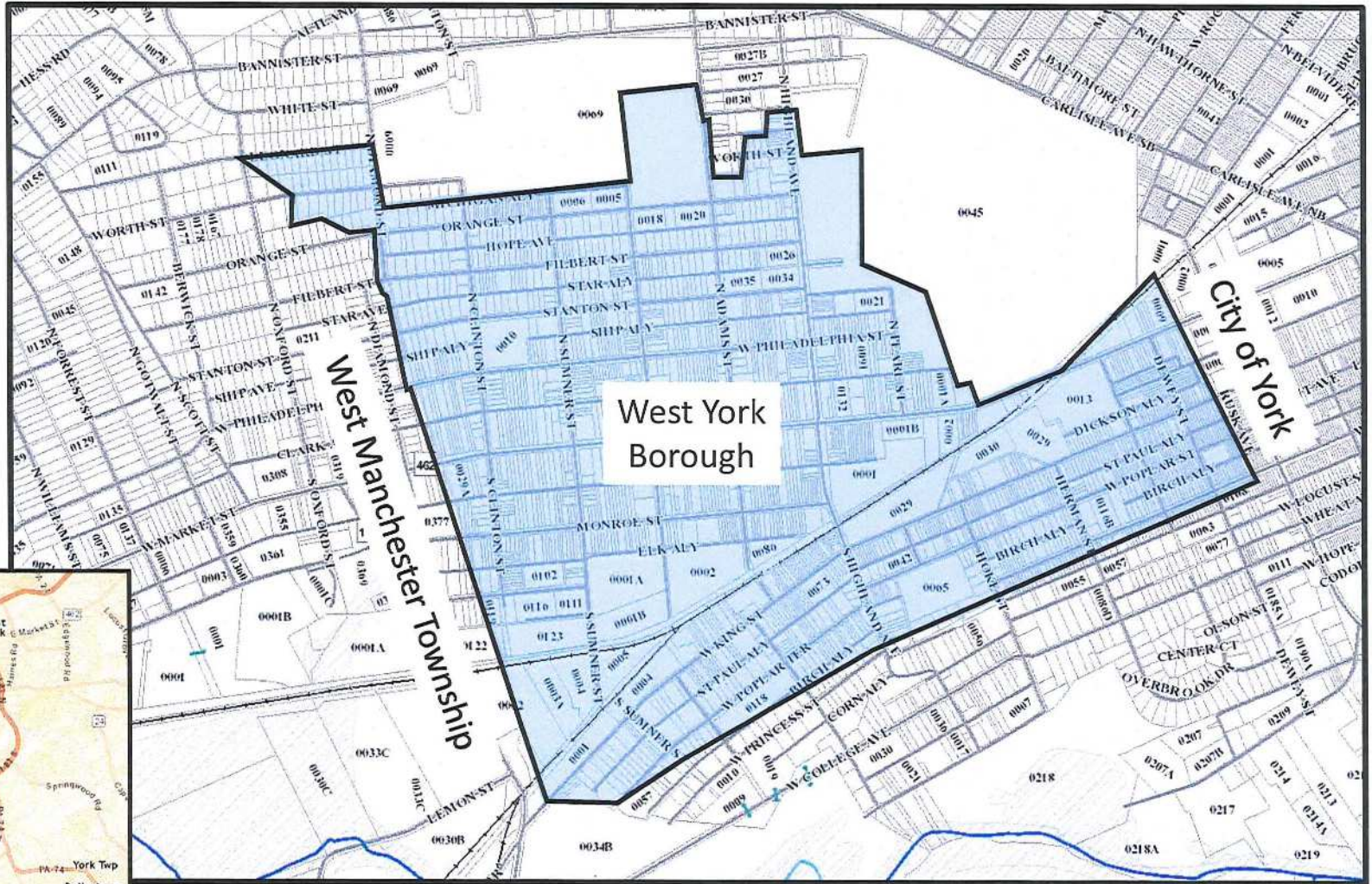


Exhibit “E”

Exhibit “F”

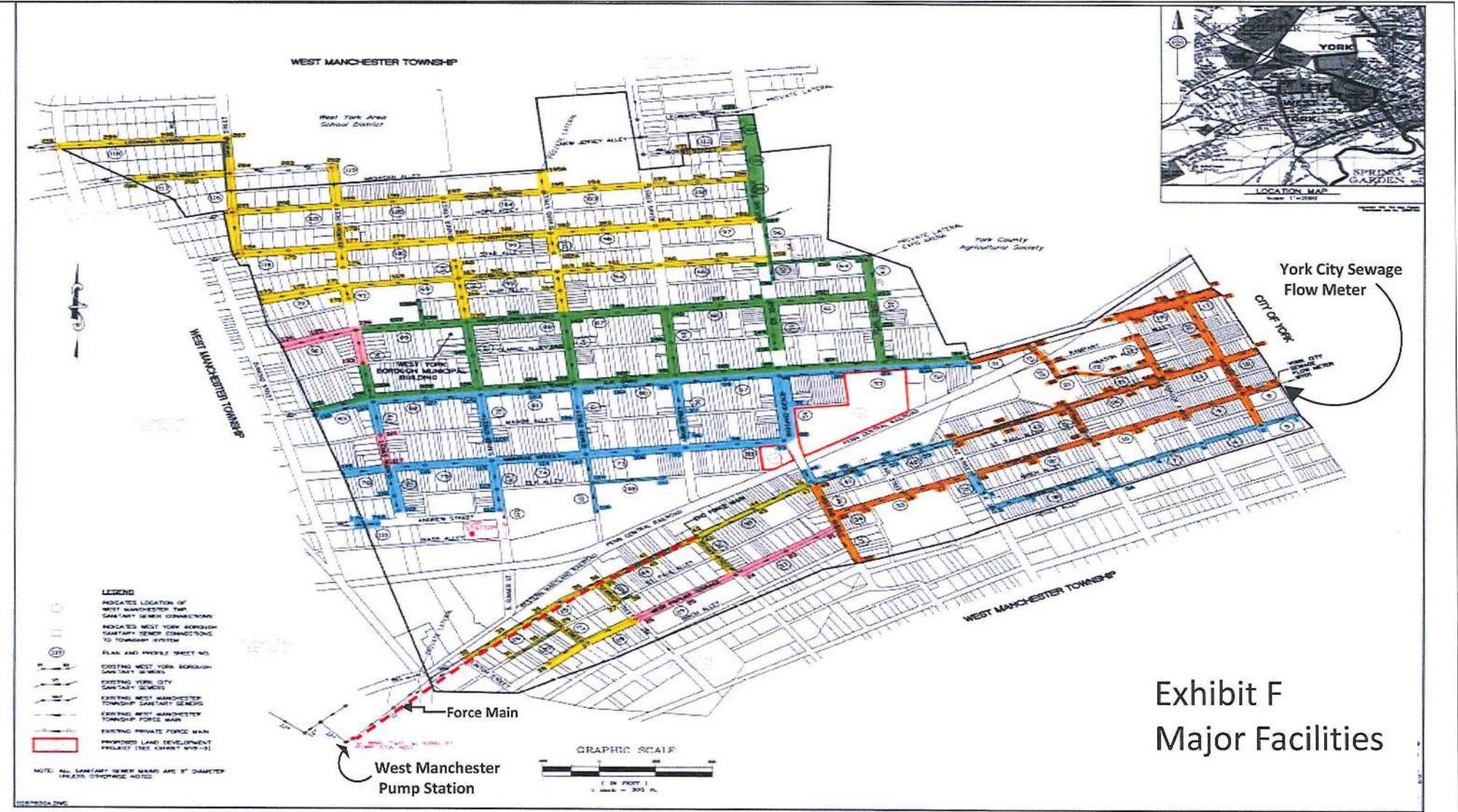


Exhibit F
Major Facilities

Exhibit “G”

Exhibit G

Existing and Proposed Residential Wastewater Rates

Existing Quarterly
Billing

Rate is \$78.50 (Quarterly Billing)

Proposed Monthly
Billing

Rate is \$25.00 plus \$2.00 per 1000 gallons of water consumed above 3000 gallons (Monthly Billing)

Monthly Use
(Gallons)

	1000	2000	3000	4000	5000	6000	7000	8000	9000	10000	11000	12000
Flat Rate	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Consumption	\$0.00	\$0.00	\$0.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	\$12.00	\$14.00	\$16.00	\$18.00
Monthly	\$25.00	\$25.00	\$25.00	\$27.00	\$52.00	\$54.00	\$56.00	\$58.00	\$60.00	\$62.00	\$64.00	\$66.00
Quarterly	\$75.00	\$75.00	\$75.00	\$81.00	\$87.00	\$93.00	\$99.00	\$105.00	\$111.00	\$117.00	\$123.00	\$129.00

York Water reviewed the water billing history of residential customers in West York Borough for 12 months, November 2014 – October 2015. The Company excluded outlying data, such as estimated reads that were re-balanced. Accounts with no water consumption were excluded. Sample population was 1590 Accounts.

Average monthly consumption: 4393 gallons per month

588 Used <= 3000 gallons per month and would see a reduction of \$3.50/quarter (37% of customers would see a modest reduction)

274 Used >3000<= 4000 gallons per month and would see an increase of \$2.50/quarter (17% of customers would see a modest increase)

206 Used >4000<=5000 gallons per month and would see an increase of \$ 8.50/quarter

166 Used >5000<=6000 gallons per month and would see an increase of \$14.50/quarter

129 Used >6000<=7000 gallons per month and would see an increase of \$20.50/quarter

71 Used >7000<=8000 gallons per month and would see an increase of \$26.50/quarter

51 Used >8000<=9000 gallons per month and would see an increase of \$32.50/quarter

Exhibit “H”

Exhibit H

West York Borough Projected Flows

Table showing current and projected flow data through the year 2050.

West York Borough	2014	2020	2030	2040	2050
# of Customers	1667	1717	1769	1822	1876
# of EDUs (1 EDU=350 GPD)	2,172	2,232	2,299	2,368	2,439
Avg. Day Flow *	751,256	781,240	804,677	828,817	853,682
Total Permitted Capacity/Agreement (GPD)	1,200,500	1,200,500	1,200,500	1,200,500	1,200,500
Available Capacity (GPD)	449,244	419,260	395,823	371,683	346,818
Percent Usage	63%	65%	67%	69%	71%

* 2014 Data is Actual Data from the 2014 Chapter 94 Report and West York Database

Exhibit “I”

AGREEMENT OF WASTEWATER COLLECTION SYSTEM SALE

THIS AGREEMENT is made this 18th day of January 2016, by and between, West York Borough, a municipal corporation of York County, Pennsylvania ("Borough") and The York Water Company, a public utility corporation organized under the laws of the Commonwealth of Pennsylvania, having its principal office in the City of York, York County, Pennsylvania ("York Water").

WHEREAS, the Borough is a duly organized municipal corporation that owns facilities used for and is engaged in the business of collecting and transporting wastewater from inhabitants in and around the Borough of West York; and

WHEREAS, the Borough is willing to sell, and York Water is willing to purchase substantially all of the Wastewater Collection System of the Borough (as defined in Paragraph 2.1 of this Agreement); and

WHEREAS, York Water is a Pennsylvania public utility engaged in the business of collecting, treating, and disposing wastewater to the public in various portions of York County, Pennsylvania; and

WHEREAS, York Water is willing to operate such Wastewater Collection System, subject to York Water's regular rules, regulations and tariffs applicable from time to time to wastewater customers of York Water.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **SALE AND PURCHASE OF ASSETS.** At Closing (as defined in Paragraph 5 of this Agreement), subject to the terms and conditions of this Agreement, the Borough shall sell, assign, transfer and convey to York Water and York Water shall purchase the Assets (as defined

in Paragraph 2 of this Agreement) for the Purchase Price (as defined in Paragraph 3 of this Agreement).

2. **DESCRIPTION OF ASSETS.** The term "Assets" means the Wastewater Collection System, as defined in Paragraph 2.1 of this Agreement.

2.1. **Description of Wastewater Collection System.** The term Wastewater Collection System means all of the physical property, equipment and facilities comprising the existing Wastewater Collection System owned and operated by the Borough, with attendant easements (if any), rights-of-way (if any), personal property, fixtures and equipment, all as more fully described on **APPENDIX A** hereto attached and made a part hereof.

2.2. **Excluded Assets.** There is excluded from the sale and the Borough reserves unto itself all funds designated as funds of the Borough including, specifically, any checking accounts, savings accounts, accounts receivables, insurance, and other investments related to the Wastewater Collection System and the provision of wastewater services by the Borough.

3. **PURCHASE PRICE.** The Borough agrees to sell, assign, transfer and convey the Assets, and York Water agrees to purchase the Assets, for the consideration of Three Hundred Ninety Five Thousand (\$395,000.00) Dollars. The Borough will take all actions necessary to authorize the sale of the Wastewater Collection System to York Water, and will prosecute all such actions in good faith and with due diligence.

4. **REPRESENTATIONS, WARRANTIES AND COVENANTS.**

4.1. **Title.** The Borough represents and warrants to York Water that it has good title to its Wastewater Collection System as defined in Section 2 and depicted on **APPENDIX A** free and clear of all liens and encumbrances except existing easements, conditions and restrictions, if any, that do not materially impact the operation of the Wastewater Collection System.

4.2. **Current Service.** The Borough represents and warrants to York Water that it is presently serving approximately 1667 wastewater customers on a regular basis.

4.3. **Compliance with Statutes and Regulations.** The Borough represents and warrants to York Water that to the best of its knowledge it complies with any and all applicable statutes and regulations relevant to the operation of the Wastewater Collection System.

4.4. **Outstanding Obligations.** Any existing refunding arrangements, agreements or contracts have been disclosed to York Water and shall remain the obligation of the Borough with the exception of the agreements currently in place between the Borough and West Manchester Township and Intergovernmental Agreements with the City of York, which shall be assigned to York Water.

4.5. **Delinquency.** The Borough represents and warrants that it is not delinquent or in default on any loan.

4.6. **Litigation.** The Borough represents and warrants that there is no litigation of any nature, pending or threatened against or involving the Borough seeking to restrain or enjoin, or restraining or enjoining, the sale of the Wastewater Collection System to York Water or the execution and delivery by the Borough of this Agreement or the Closing Documents. The Borough has received no notice and has no knowledge of any action, claim or proceeding pending or threatened against it or the Borough which questions the validity of the Agreement or actions of the Borough to be taken hereunder.

4.7. **Authorization to Sell.** The Borough consents to the sale and transfer of the Wastewater Collection System to York Water by official and proper action taken by the Borough Council at a regularly scheduled public meeting held on January 4, 2016 and as further represented by execution of this Agreement. The Borough has taken all actions necessary to

authorize the execution of a Bill of Sale and other Closing documents necessary to complete this transaction.

4.8. **Representations of York Water.** York Water represents that it is properly licensed and authorized by the Commonwealth of Pennsylvania and Public Utility Commission and has the full right, power and authority to execute, deliver and carry out the terms of this Agreement and to consummate the transaction contemplated on its part as buyer herein once approval has been granted by the Commission to provide wastewater service to the Borough. The individuals who have executed this Agreement and other documents herein on behalf of York Water have the authority to legally bind the Company in the present Agreement. This Agreement and all other agreements and documents executed in connection herewith by York Water, upon due execution and delivery thereof, shall constitute the valid binding obligation of York Water, enforceable in accordance with their respective terms, except as enforcement may be limited by law or equity.

4.9 **Provision of Service by York Water.** The Borough will take all necessary action, including consideration and action on a mandatory connection ordinance, to permit York Water to provide Wastewater Collection within the Service Territory.

4.10 **Continuance of Representations and Warranties.** The parties hereto agree that the foregoing respective representations and warranties shall be true as of the date of the Agreement and as of the Closing, subject, however, to any changes after the date of the Agreement because of any action expressly contemplated by this Agreement or otherwise approved in writing by both parties. The Borough further agrees that its representations and warranties to York Water in this Agreement shall survive closing for a period of two (2) years.

5. **CLOSING.** The Closing shall take place within 30 days after all conditions set forth in Paragraph 6 have been met.

6. **CONDITIONS TO CLOSING.** The obligation of York Water to proceed to Closing is subject to fulfillment of the following further conditions:

6.1. **Regulatory Approvals.** This Agreement is subject to York Water receiving all requisite permits and approvals for the transaction contemplated by this Agreement, as required, from the Pennsylvania Public Utility Commission ("Commission"), the Pennsylvania Department of Environmental Protection ("DEP"), and any and all other applicable authorities having jurisdiction. York Water shall initiate and timely prosecute in good faith and with due diligence, at its sole expense, necessary proceedings to obtain such permits and approvals. The Borough agrees to provide such information, documents and assistance as may be reasonably requested by York Water in order to obtain such approvals.

7. **CLOSING DOCUMENTS.** At the Closing, The Borough shall sell, transfer, assign and convey to York Water the property described on **APPENDIX A** and shall deliver or cause to be delivered the following documents:

7.1. **Bill of Sale** for the personal property, assignments of the easements and rights-of-way, if any. Note that the Borough does not believe any such easements and rights-of-way presently exist, but to the extent any are discovered they shall be included in this Sale and assigned to York Water.

7.2. **Certificates** duly signed by the Council President and Council Secretary to the effect that the representations and warranties set forth in Paragraph 4 hereof are true and correct as of the Closing.

7.3. **Certified copies of all Resolutions and Ordinance** of the Borough that relate to the provisions of this Agreement, together with certifications that said Resolutions and Ordinances are in full force and effect and were duly adopted.

7.4. **Copies of operating records** relating to the Wastewater Collection System as may be reasonably required by York Water including, but not limited to, a copy of the customer list stating the names and addresses of all wastewater users.

7.5. **A favorable opinion of the solicitor** for the Borough to the effect that to the best of the solicitor's knowledge:

- i. The Borough has the legal capacity to sell its Wastewater Collection System as contemplated by this Agreement; and that this Agreement has been duly executed and delivered by the Borough;
- ii. The Closing Documents have been duly executed and delivered;
- iii. The Borough has duly complied with the provisions of the Pennsylvania Borough Code applicable to this transaction; and
- iv. To the best of the solicitor's knowledge, there is no litigation or proceedings pending or threatened against the Borough, which relate adversely to the Borough's ability (a) to conduct its business, (b) to transfer its assets or (c) to consummate the transactions contemplated by this Agreement.

7.6. **Covenants of Further Assurances** to the effect that the Borough shall from time to time take such further actions and execute and deliver such other documents and instruments at the request and cost of York Water as may be necessary or desirable to give full force and effect to the provisions of the Agreement.

8. **PLACEMENT OF UTILITY FACILITIES IN PUBLIC ROAD RIGHTS-OF-WAY.** The Borough agrees to York Water's use, without charge, of the streets, highways, and alleys of the Borough for the laying, maintenance, use, repair, and relaying of such laterals, collectors, pipes, manholes, and other facilities deemed necessary or desirable by York Water for

the collection and transportation of wastewater in Service Territory; provided, however, that York Water shall lay, maintain, use, repair and relay such facilities in accordance with the requirements set forth in the Borough's Ordinance utility street occupancy ordinance, as may be amended from time to time, and subject to Borough inspection, and shall restore such streets, highways and alleys to the similar condition existing prior to performing any such work; and provided further, that nothing contained herein or in the grant of such franchise shall be deemed in derogation of the police power of the Borough.

9. **COVENANTS OF YORK WATER.** York Water hereby covenants and agrees as follows:

9.1 **Rates to Customers.** York Water shall bill monthly for wastewater service and adopt the wastewater rate set by the Borough and in effect at the time of closing. York Water shall maintain that rate unless and until adjusted from time to time by the Commission.

9.2 **Service Territory.** York Water agrees to provide wastewater service to the Service Territory that includes all current customers and the Borough of West York ("Service Territory").

9.3 **Insurance Coverage.** As of the date of Closing, York Water agrees to secure all necessary insurance coverage for the ownership and operation of the Wastewater Collection System.

9.4 **Assignment of agreements.** As of the date of Closing, York Water agrees to the assignment of the aforementioned agreements with West Manchester Township and City of York and all of the obligations and payments thereunder.

10. **COMMISSION.** No broker's, finder's or agent's fees or commission shall be due or payable by York Water for or in connection with this Agreement for either the sale or the purchase of the Borough Wastewater Collection System. York Water represents that it has had no dealing with any broker, or agent in connection with this transaction except elected or appointed officers of the Borough.

11. REGULAR COURSE OF BUSINESS.

11.1. **Conduct of Business.** At all times between the dates of this Agreement and the Closing, the Borough agrees to conduct its business of providing wastewater collection and transportation service to its wastewater customers and the operation of its Wastewater Collection System and to keep the books relating thereto in the ordinary manner and regular and customary course of business and the Borough further agrees not to dispose of any of the assets of said Wastewater Collection System without the prior written consent of York Water, and further agrees not to enter into any collection system extension agreements that call for the Borough to make the extension at its cost, or changes to the system or any other material change or agreement without prior written approval of York Water, except further, as to all of the foregoing, as may be necessary or appropriate in order to comply with applicable law. The Borough will not terminate or fail to renew any of its insurance coverage prior to Closing. At all times between the dates of this Agreement and the Closing, the Borough shall continue as the certified operator in responsible charge of the Wastewater Collection System.

11.2. **Final Bill.** On the date of Closing, the Borough will bill its customers for all wastewater furnished by it prior to the Closing and shall retain all funds received for wastewater collection furnished as of that date. To the extent possible, the closing date shall be on or about the last working day of the calendar month following receipt of all permits necessary for York Water to operate the Wastewater Collection System, including, but not limited to, a Certificate

of Public Convenience from the Commission, but no less than 30 days from the issuance of such permit unless both parties agree to an alternate closing date. York Water will bill its customers within the Service Territory for all wastewater collection after the date of Closing and shall retain all funds received for wastewater service from that date forward.

12. ASSUMPTION OF LIABILITIES. It is understood and agreed that York Water is purchasing assets and does not assume any obligations or liabilities of the Borough except as specifically provided herein. The Borough will indemnify and hold York Water harmless from any liability or claim arising from the Borough's obligations or liabilities not expressly assumed by York Water.

13. RISK OF LOSS. Except as otherwise provided in this Agreement, the Borough assumes all risks of destruction, loss, or damage to the Wastewater Collection System due to fire or other casualty up to the date of Closing. In the event any of the Wastewater Collection System shall be destroyed or damaged prior to the date of Closing, the part or parts so destroyed or damaged shall be replaced or repaired by the Borough at its sole cost and expense, except as otherwise provided in this Agreement, and unless York Water agrees that the purchase price provided herein may be reduced by an amount equal to the estimated cost of replacement or repair of the part or parts so destroyed or damaged; provided, however, if any such destruction or damage shall, in the opinion of York Water, be so extensive as to materially and adversely affect the operating condition of the Wastewater Collection System, then, and in that event, York Water shall not have any obligations whatsoever to the Borough by reason hereof.

14. ACCESS AND INFORMATION. The Borough will give to authorized representatives of York Water, upon reasonable notice, full access during normal business hours throughout the period prior to the Closing to the assets, inventory, books, contracts, extension agreements, and records of the Borough relating to the Wastewater Collection System, and

furnish York Water during such period with all such material and information relating thereto as York Water may reasonably request.

15. RIGHTS OF THE PUC, DEP AND OTHER REGULATORY AGENCIES.

York Water is regulated by the PUC as well as other governmental agencies. Nothing in this Agreement is intended to supersede, expand, or limit any powers of these regulatory agencies. In all conflicts between this Agreement and another regulatory agency, the regulatory agency requirements shall supersede this Agreement.

16. CAPTIONS. The paragraph captions contained in this Agreement shall not be construed as part of the Agreement, but are used merely for ready reference purposes.

17. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

18. CONSTRUCTION. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania.

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

If to The Borough, to:

Ms. Shelley Metzler
West York Borough Council
1700 W. Philadelphia St.
York, PA 17404

If to York Water, to:

Jeffrey R. Hines
President and CEO
The York Water Company
130 East Market Street
York, PA 17401

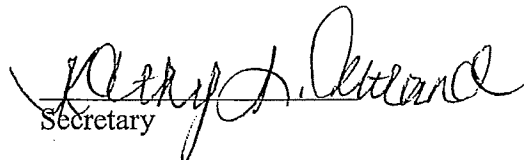
20. **DEFAULT.** Time shall be of the essence with respect to performance of any obligation arising under this Agreement. Should either party violate or fail to fulfill and perform any of the terms and conditions of this Agreement, the non-breaching party may elect to proceed against the breaching party for either actual damages incurred by the non-breaching party or to pursue specific performance of this Agreement.

21. **RECORDING.** This Agreement shall not be recorded in the Office of the Recorder of Deeds or in any other office or place of public record.

22. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement between the Borough and York Water. There are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise of any kind whatsoever concerning this sale. Further, this Agreement shall not be altered, amended, changed or modified except in writing executed by all parties.

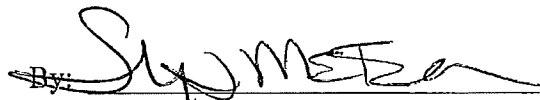
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officials and officers as of the date first above written.

ATTEST:

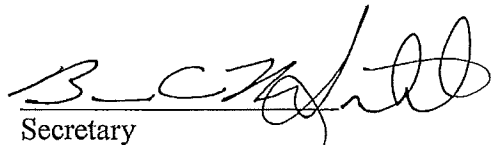

Secretary

(SEAL)

WEST YORK BOROUGH

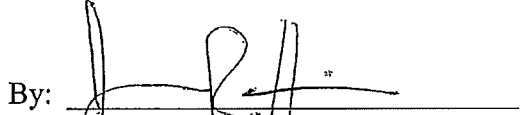
By: 
President of Borough Council

ATTEST:


Secretary

(SEAL)

THE YORK WATER COMPANY

By: 
Jeffrey R. Hines, President and CEO

APPENDIX A – ASSETS

- A. All sanitary pressure sewer, sanitary gravity sewer, sewage force main, sanitary laterals (from the collection facilities of the Borough to the sewer to edge of right-of-way or street), curb boxes and appurtenant fixtures and equipment in place and used in the wastewater collection system.
- B. All wastewater lift (pumping) stations, if any, and vaults, if any, valves and manholes presently in place in the wastewater collection and pumping system.

Exhibit “J”

COUNTY LAND USE LETTER

Date: February 12, 2016

To: The York Water Company
130 East Market Street
P.O. Box 15089
York, PA 17405-7089
Attn: J.T. Hand, Chief Operating Officer

From: York County Planning Commission

Re: The York Water Company
PUC Request for Wastewater Facilities Acquisition & Public Service
West York Borough
YCPC #15-2016

Walter A. Kuhl
Chairman

Mary E. Coble
Vice Chairman

Sean P. Kenny
Secretary

Brian Brenneman
Treasurer

Eric Bortner

Matthew Chronister

Kevin F. Clark

Thomas W. Earp

Patricia Lang

Felicia S. Dell
Director

Jeffrey L.
Rehmeyer II
Solicitor

The County of York states that it:

It has adopted a county or multi-county comprehensive plan. If yes, please provide a date of adoption: 11/12/14

It has not adopted a county or multi-county comprehensive plan.

If applicable:

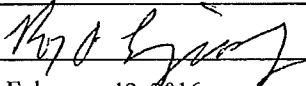
The above-reference project:

Is consistent with the adopted county or multi-county comprehensive plan.

Is not consistent with the adopted county or multi-county comprehensive plan.

Additional Comments (attach addition sheets if necessary):

Submitted by:

Name	Roy O. Livergood Jr.
Title	Senior Planner
Contact Information	York County Planning Commission - 28 East Market Street, York, PA 17401
Signature	
Date	February 12, 2016
cc:	West York Borough Council c/o Kathy Altland, Manager

EQUAL
OPPORTUNITY
EMPLOYER

Exhibit “K”



The York Water Company

February 3, 2016

Dear West York Borough Wastewater Customer:

The York Water Company recently entered into an agreement to purchase the West York Borough Collection System. Residents of West York Borough have been York Water customers for over 100 years.

York Water will soon apply to the Pennsylvania Public Utility Commission for a Certificate of Public Convenience in order to serve the wastewater needs of West York Borough. Once approved, our goal is to provide a smooth transition to all of our West York customers. We're working with the Pennsylvania Department of Environmental Protection to secure the necessary permits and will begin surveying the West York Wastewater Collection System, locating and marking manholes and inventorying sewer assets.

As a current West York Sewer customer, there is nothing you will need to do in order to initiate wastewater service nor will you incur any additional costs. Once approved by the Pennsylvania Public Utility Commission and upon receipt of the necessary permits from the Pennsylvania Department of Environmental Protection, you will receive a follow-up letter informing you of the transition date. Until that time, you are still customers of West York Borough and you should contact their office for any sewer related questions.

Once you are a wastewater customer of York Water and subject to approval by the PA PUC, residential customers will be billed monthly at a rate of \$25.00 plus \$2.00 per 1000 gallons of water consumed above 3000 gallons. This is approximately the same rate that is currently in effect, though you will be billed monthly versus the current quarterly billing cycle. York Water intends to combine your water and wastewater fees on a single, monthly bill. If you are currently enrolled in York Water's Timely Automatic Payment "TAP" plan that allows us to automatically deduct the amount of your water bill directly from your bank account, TAP will similarly apply to your wastewater account.

The York Water Company has been locally owned and operated since 1816. We now provide water/wastewater service to 48 municipalities in York and Adams Counties and we look forward to providing the same superior service to our new wastewater customers in West York Borough. Please read the other side of this letter for Commonly Asked Questions. If you have any questions about this information or need additional information about the transition of wastewater service through The York Water Company, please don't hesitate to contact me at jth@yorkwater.com or one of the Company's helpful customer service representatives at (717) 845-3601.

Sincerely,

J.T. Hand
Chief Operating Officer

**The York Water Company
West York Borough Wastewater
Project**



February 3, 2016



CHAD ZORBAUGH
LINDSAY ZORBAUGH
39 N ADAMS ST
YORK PA 17404

- 6

Dear West York Borough Wastewater Customer:

The York Water Company has entered into an agreement to purchase West York Borough's wastewater collection system; the sewer system. The following are commonly asked questions:

- 1. Why did West York Borough sell the sewer system?** One of the reasons that the sewer system is being sold is because environmental regulations are making it more difficult for small wastewater systems to operate. The West York Borough Council reviewed the options and determined that selling the system to The York Water Company is the best alternative for the long term needs of their West York Borough wastewater customers.
- 2. When do I become a sewer customer of The York Water Company?** Probably not for another 7-8 months or so. We will send out a "Welcome Packet" when that date gets closer.
- 3. Who must stay connected to the sewer system?** All current customers of the West York Borough sewer system will automatically become wastewater customers of The York Water Company.
- 4. What must I do to become a sewer customer of The York Water Company?** Nothing. If you are a sewer customer of West York Borough your service will automatically transfer to The York Water Company.
- 5. I see York Water employees around the area, what are they doing?** We will have workers and contractors marking the location of facilities, manholes, sanitary cleanouts and laterals and inventorying assets.
- 6. Are there any transfer fees?** No.
- 7. How much will my sewer service cost?** West York Borough currently bills you quarterly at a rate of \$78.50. Subject to Pennsylvania Public Utility Commission (PUC) approval, York Water expects to bill monthly for wastewater service at a rate of \$25.00 per month plus \$2.00 per 1000 gallons of water in excess of 3000 gallons of water consumed based upon monthly water consumption. If you use 3,000 gallons of water per month, your sewer bill will be \$25 per month, a slight reduction from your current sewer bill. If you use 6000 gallons of water per month, your sewer bill will be \$31 per month, a slight increase. Any future rate increases can only occur with the approval of the PUC.
- 8. Who do I call for information?**
You will still be a West York Borough sewer customer for the next 7-8 months, so if you have any questions regarding your existing sewer service, you should contact them. If you want to talk about this transition with a York Water representative, you can contact our Customer Service Department at 717-845-3601 or toll free at 1-800-750-5561 or email us at customer.service@yorkwater.com.

Exhibit “L”

ARTICLES OF AGREEMENT

City of York and West York Borough

This Agreement, made and entered into this *17th* day of *December*, 197*6*, by and between the City of York, a Municipal Corporation of the Commonwealth of Pennsylvania, being a City of the Third Class, (hereinafter called "City"), and the Township [Borough], of West York, York County, Commonwealth of Pennsylvania, (hereinafter called "Municipality"):

Whereas, the City and the Municipality entered into an agreement granting the right of Municipality to make connection to City's Sewerage System and providing that the City would receive, treat and dispose of Municipality's sewage under and subject to the terms of said Agreement, and

Whereas, the Department of Environmental Resources of the Commonwealth of Pennsylvania (hereinafter called "DER") has issued a Notice of Violation and has obtained a Consent Agreement requiring that the York City Wastewater Treatment Plant be expanded and upgraded to a size and efficiency of treatment prescribed by the DER, and

Whereas, the United States Environmental Protection Agency (hereinafter called "EPA") has agreed to the program of expansion and upgrading, and

Whereas, the cost of the expansion and upgrading of the Wastewater Treatment Plant has been estimated to be in excess of \$17,000,000, and

Whereas, the York City Sewer Authority (hereinafter called "Authority") has made application for and received an offer of a grant for the partial funding of the project.

Whereas, the estimated cost to the Authority is in excess of \$7,000,000 after allowance for anticipated State and Federal Grants and this improvement follows a preceding improvement at a cost exceeding \$100,000, and

Whereas, the Authority intends and has or will receive such approvals as may be required from the DER and EPA to enlarge and improve the York Wastewater Treatment Plant in two stages:

Stage I Will expand the York Wastewater Treatment Plant (hereinafter referred to as the "Plant") capacity by 8 million gallons per day of sewage and will provide improvement in treatment efficiency.

The new facilities are designed and expected to comply with current treatment efficiency requirements.

The Plant, as a whole, will be improved in treatment efficiency as follows:

Stage II Will be undertaken to bring the York Wastewater Treatment Plant within the requirements of the current National Pollution Elimination Discharge Permit.

Whereas, the DER and EPA have given adequate assurances that the program of the City is acceptable and that they will not take any additional enforcement action requiring acceleration of the program, interim treatment, or limitation of the plant capacity below 26,000,000 gallons per day, and

Whereas, the City of York notified Municipality that a rate increase is necessary to expand the treatment capacity and efficiency and the parties hereto by this Agreement intend to revoke the aforementioned Agreement and replace same with this renegotiated Agreement which after execution will become effective on the date the improvements to the treatment plant are certified by the York Consulting Engineers to be in operation in accordance with all DER and EPA requirements and the Consulting Engineers have further certified that all required permits for operation have been issued.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein the parties agreeing to be legally bound agree as follows:

All Agreements made and executed between City of York and Municipality concerning this subject matter are to be deemed revoked on the effective date of this Agreement and in their place the parties agree to be bound as follows:

1. The boundary of the area from which sewage will be received shall be the limits of the area within the municipal boundaries of Municipality which will ultimately be served by sewers connected to the City Sewerage System as shown on attached Exhibit "A".

2. The City grants to the Municipality the right (and shall take all such steps as may be necessary to permit the Municipality) to connect all sanitary sewers constructed or to be constructed within areas shown on Exhibit "A" to the City's Sewerage System, sewage from said sewers so to be received by the City.

The City agrees to treat and dispose of the sewage from Municipality and all other sewage so to be received by the City in accordance with such DER, EPA or other governmental requirements as may be in effect from time to time. The sewage from Municipality shall not exceed the agreed loading limits as follows:

- a) Maximum of 1,524,600 gallons during any period of 24 consecutive hours.
- b) Maximum average of 1,200,500 gallons per 24 hours during any period of seven consecutive days.
- c) Maximum flow at any instant of 2,084 gallons per minute.
- d) Maximum of 2,795 pounds of biochemical oxygen demand during any period of 24 consecutive hours.
- e) Maximum average of 2,204 pounds of biochemical oxygen demand per 24 hours during any period of seven consecutive days.
- f) Maximum of 2,476 pounds of suspended solids during any period of 24 consecutive hours.
- g) Maximum average of 1,954 pounds of suspended solids per 24 hours during any period of seven consecutive days.

3. It is agreed between the parties that flow measuring devices referred to herein as sewage flow meters must be installed at all points of connections where a flow in excess of 70,000 gallons per day occurs. Said meters will be installed by the City, which shall use a standard type. The acquisition, installation, operation, maintenance, and calibration of the meters shall be done by the City and the costs thereof charged to the Municipality. Meters shall be maintained at a calibration accuracy of 5% +, which shall be certified to once every 90 days, and Municipality shall reserve the right at its expense to make an independent

check of its meters to insure accuracy. In the event a meter is found to be inaccurate or out of repair, Municipality shall be billed according to its last yearly average flow until said meter is repaired, which repair the City agrees to accomplish as quickly as possible. Flow meters are to be installed at least six months prior to the date the renovated plant becomes operative. Where no meter is installed, flow will be calculated for billing purposes at 350 gallons per day per Equivalent Dwelling Unit. The City reserves the right to measure and sample commercial and industrial users separately.

4. The point of connection of the said sanitary sewerage system of Municipality with the sanitary sewerage system of the City, shall be at the following locations and shall be provided with metering facilities at the following specified location unless it is noted in this listing that a meter will not be required:

See Annex 1

A point of connection shall be defined as that location where three or more Equivalent Dwelling Units connect to the sanitary sewerage system of the City. All connections to the system not meeting this requirement will be listed as various connections along a referenced street.

5. All sanitary sewer mains to be built, or which may be built by a Municipality in said area, shall be built in accordance with specifications to be filed with the City, and the City shall have the right during construction and from time to time thereafter, in its sole discretion, upon such reasonable prior notice to Municipality as circumstances permit, to inspect, and Municipality shall cooperate with City in such inspections.

The Stage I and Stage II construction of the Plant shall be in accordance with plans and specifications of the City's and Authority's Consulting Engineers which plans and specifications shall be made available for inspection to Municipality's Consulting Engineers. Municipality and the Consulting Engineer shall have the right during construction and from time to time thereafter, in their sole discretion, upon such reasonable prior notice to City as circumstances permit, to inspect the Plant and all related facilities and City or Authority, as appropriate, shall cooperate and cause the Authority to cooperate with Municipality in such inspections.

The Municipality shall notify the City two days prior to commencement of construction and two days prior to final testing of sewage facilities. The City shall notify Municipality seven days prior to commencement of construction and at least seven days prior to start-up tests and all other tests of the Plant and related facilities including sewage flow meters.

6. It is agreed between the parties that as an ultimate user of the capacity provided by the expansion of the Plant, Municipality shall participate with City and Authority in the funding construction, maintenance and operation of the Plant under Stage I and Stage II in return for the vested right to discharge wastewater from the sewer systems of Municipality into said facilities, subject to State and Federal laws and regulations. The funding and use of such facilities to be under the terms, conditions and limitations set forth herein.

6A. The City, Authority and Municipality and all other Municipality parties to similar agreements hereby covenant

to take such steps as may be necessary to assure that Municipality shall be entitled to, and have available at all times, the full amount of its reserve capacity.

City and Authority warrant that such capacity will be available upon completion of the Plant and Municipality, City, Authority and all other Municipalities covenant not to enter into any agreements or permit any occurrence which directly or indirectly limits Municipality's entitlement and use of its full reserve capacity.

7. The parties hereto agree that notwithstanding any provisions of this Agreement relating to contribution by Municipality for the cost of construction, operating and/or maintenance of the York Wastewater Treatment Plant or interceptor sewers, the sole and exclusive ownership of the aforesaid facilities shall be vested exclusively in the Authority and that Municipality shall, as necessary, from time to time execute any and all documents required to assure any person, Federal or State agency that Municipality has no ownership interest in the aforesaid facilities. The parties agree that the Agreement shall not be deemed or construed as creating a partnership or joint venture between the parties hereto or the Authority and provisions of this Agreement regarding payment by Municipality of a percentage of construction costs constitute solely a reservation of rent for the use of a percentage of the capacity of the facilities.

8. Municipality agrees to pay the City, for the cost of wastewater treatment services rendered, an annual sum or sums based on the total number of metered gallons (or EDU's where applicable) discharged to the Plant. The cost of these services will include all of the costs normally associated with the operation, maintenance and administration of the Plant but excluding, inter alia, all costs relating to collector systems, interceptors not used by Municipality.

The cost of services shall be reduced by any annual or periodic grants or contributions received by the City or Authority from any federal, state or other government agency attributable to or on account of or for the cost of operation of the Plant.

The itemization of accounts and their percentage assignment to the cost of operation allocable to the plant shall be determined by an audit by certified public accountants acceptable to the parties hereto which audit shall separate such costs of operation from all other costs incurred by the City including administrative and billing expenses of the York City Sewer Rental Bureau.

Said Audit shall be performed within one year from the date of execution of this Agreement.

Treatment charges resulting from such costs of operation shall be equal to that portion of the rates attributable to the cost of operation of the Plant charged by the City to similar classes of users of the sewer system within the limits of the City.

Within ninety (90) days after the close of each Fiscal Year, City shall furnish an audit report, certified by an independent certified public accountant, whose certification shall be addressed to Municipality showing the actual cost of operation of the Plant and the proper allocation to each participating Municipality of the cost of operation of the Plant.

The audit report shall include such management letters and other documentation as required by applicable American Institute of Certified Public Accountant audit guides and related opinions.

Within ninety (90) days after the close of each Fiscal Year, the Authority shall furnish to the Municipality, a copy of such audit reports as may be required pursuant to its various indentures.

City and Authority shall keep appropriate records and accounts with respect to the cost of operation of the plant so that determinations which shall be necessary under this Agreement can be made promptly at the required times, with fairness and accuracy. The City and Authority agree to permit such review of their operations relating to the plant and its collection and interceptor systems in York as may be required by Municipality. Such operational and financial reviews shall be conducted at the sole cost and expense of the party requesting such review and shall be performed at a reasonable time acceptable to the party subject to said review. Any audit or review shall be performed without

disruption to the normal operating procedures of the party subject to such review or audit.

Municipality and City agree that they shall annually provide in their Budgets for obtaining the necessary funds to meet their respective obligations under this Agreement and relating to the operation of the plant and to that end shall by proper ordinances or resolutions make provision for the imposition of sewer rentals, the levying of special taxes or any other lawful method or methods to provide for obtaining sufficient revenues, in such manner as to assure that Municipality and City shall obtain or collect during each year, the amounts which may be due or may become due under the terms of this Agreement or for the City as required for payment of the costs of operation of the plant allocable to the City.

The rates referred to herein, are expressly made subject to the following provisions:

If at any time the City shall, upon the lawful requirement of the Commonwealth of Pennsylvania, or any of its agencies, boards, or departments, or upon any lawful order, rule, law or directive of the United States Government, or in order to qualify for grant-in-aid from any agency, or for any other reason subject to approval by Municipality, extend, enlarge, alter or improve its existing sewage treatment works at a cost, at any one time of more than \$100,000 or more or if operation costs increase to the extent that a

rate increase is necessary, Municipality agrees that there shall be a new schedule of rates as determined by proper justification and binding arbitration.

Charge for Treatment Services (Sample Calculation)

Total Gallons Treated

19,000,000 gallons/day x 365/year = 6,935,000,000 gallons

Total Annual Cost of Operation, Maintenance and Administration (minus any operating subsidies or credits)

\$2,200,000

Cost Per 1,000 Gallon

$\frac{\$2,200,000}{6,935,000,000} = \$.32/1,000 \text{ gallons}$

8-A. Municipality agrees to pay to the City a service charge based on the total number of gallons (or EDU's where applicable) discharged into the existing York City Sewer System located within the City of York on an annual basis as billed by the City. The charge will be \$.04/1,000 gallons (or \$5.10 per EDU per year where applicable). This charge shall be in addition to the treatment charge established in Section 8.

These revenues shall be deposited in a separate account for Municipality and will be used toward the cost of maintenance, repair and replacement of the existing interceptor system as provided for in paragraph 9 and as described in Exhibit "C" attached hereto.

9. Municipality agrees to pay to the City in consideration of a vested interest in an allotted usage capacity of any York City interceptor sewers to accommodate any increase flow from Municipality which would in the judgment of the City and Municipality overburden any of the City intercepting sewers, an amount of money giving consideration

to the capacity allotted Municipality in relation to capacity to be used by others. Municipality's share of costs will be a percentage of the costs bearing the same relation to the total costs as Municipality's share of capacity bears to the total capacity for each section of new intercepting sewer constructed. Capacity means the calculated maximum hydraulic capacity. Municipality shall be a party to arriving at the final solution in correcting the problem.

10. Municipality agrees to pay to the City, in consideration of a vested interest in an allotted capacity of the expanded treatment capacity to be provided as part of Stage I of the Plant, a lump sum, at the time the Authority sells bonds to finance the project and makes settlement therefor, in an amount of money calculated by the City upon the agreed average daily flow capacity allotted to Municipality in the new facilities and the net cost of those facilities exclusive of all Federal and State grants received or expected to be received. In lieu of a lump sum payment, Municipality may elect to pay annually to the City the calculated proportionate share of the annual debt service or lease rental incurred by the City to finance the project as hereinafter computed.

The first payment shall become due not later than one week prior to the first interest or principal payment which payment is not capitalized in the bond issue.

In addition, until such first payment, the City and Municipality shall continue their sewer rental payments at the rate provided for in prior agreements or practice.

The expansion portion of this lump sum or annual amount shall be in the same proportion as the additional average daily flow allotted to Municipality bears to the 8 MGD capacity being added to the plant. The upgrading portion of the lump sum or annual amount shall be in the same proportion as the total average daily flow allotted to Municipality bears to the total 26 MGD capacity of the expanded plant.

Upon the completion of the construction of each Stage of the Plant expansion, the Authority shall deliver to Municipality a certificate of the Consulting Engineers stating: (a) the fact of such completion and (b) in reasonably itemized form, the actual cost of Construction of the Plant (i) after deducting therefrom the unexpended contingency fund, if any, and the amount of any applicable federal or state grants paid into the Construction Fund and not previously used to reduce the lump sum payments made by Municipality pursuant to this Section and (ii) after making appropriate adjustments in respect of net income, gain or loss from investments. If the Municipality share of the actual Cost of construction after adjustments (i) and (ii) is less than the total amount previously deposited by Municipality as required by this Section, the excess of such deposits shall forthwith be refunded to Municipality, within thirty (30) days of receipt of said certificate and if not then paid, shall be subject to interest at the rate of six percent (6%) per annum until paid, unless Municipality shall have requested a re-adjustment or audit within the aforesaid thirty (30) day period, and, in the event of such a request, shall be refunded promptly after the matter is resolved. If the Municipality share of the actual cost of construction after

adjustments (i) and (ii) is more than the total amount previously deposited by it pursuant to this Section, such deficiency shall be charged to and paid by Municipality and shall be due within thirty (30) days of notice to pay, and if not then paid shall be subject to interest at the rate of six percent (6%) per annum until paid, unless Municipality shall have requested, within thirty (30) days, a re-adjustment or audit, and, in the event of such a request, Municipality shall make the aforesaid payment, but shall receive interest at a rate of six percent (6%) per annum on any refunded amount determined as a result of re-adjustment or audit.

The said certificate of the Authority Consulting Engineers as to the actual cost of construction of each Stage of the Plant expansion and upgrading and the records from which it is compiled shall be audited by a certified public accountant selected by Authority. Municipality shall be entitled to make such audit as its sole expense of said certificate and all information relating thereto as it requires.

The additional average daily flow capacity allotted to Municipality in the 8 MGD capacity being added to the plant is 0,2305 MGD. The total average daily flow capacity allotted to Municipality in the 26 MGD wastewater treatment plant is 1,2005 MGD.

The City shall cause Authority to notify Municipality of all changes or alterations in the Plant Expansion Plans and Specifications. When any change order concerning said Plans and Specifications exceeds a net expense to the parties hereto and all other municipalities party to similar agreements exclusive of grant funds of \$50,000, it shall be approved by

the Municipality; provided, however, that if written notification of disapproval by Municipality is not received by Authority within (5) days of the respective date or dates upon which a request for approval of any change order is delivered to Municipality, such change order shall be deemed to have been approved by Municipality. Copies of all change orders in excess of \$10,000 shall be sent to Municipality by Authority within five (5) working days from the date of the Authority or City approval thereof. Authority further agrees that, without the prior approval of Municipality, no change or alteration will be made in any of the plant expansion plans and specification which will cause the cost of construction to exceed the amount available in the plant expansion construction fund.

The parties hereto further agree that the sums payable hereunder or any sums payable by the City for reservation of its allocated share and for operating expenses shall continue to be payable at the time and in the amount herein specified without suspension or abatement of any kind.

11. Municipality shall pay to City or Authority, as appropriate, Municipality's share of City's actual cost of restoring, replacing or upgrading any waste treatment facility handling sewage under this Agreement. Municipality's share of the costs shall be based upon that percent of the design capacity of the facility allotted through negotiations with the Municipality in the replaced facility as it bears to the maximum design capacity of the facilities replaced (which cost shall be determined in accordance with Section 10 hereof). Municipality, City and Authority, as appropriate,

shall repair their lines and appurtenances whenever necessary to correct excessive infiltration. Excessive infiltration shall be as defined by EPA under its guidelines as they exist and as they are from time to time amended. The City agrees to complete construction, at its own expense, of the separation of existing combined sewers as shown on Exhibit "B" as soon as possible so as not to infringe on the reserve capacity vested in outside municipalities to their detriment.

12. Notwithstanding any provisions herein to the contrary, this Agreement shall be entirely renegotiated by the City, and Municipality upon the final retirement of bonds issued by the Authority of York, Pennsylvania, which are issued to finance the construction of the 1976 additions of the sewage disposal plant of the City, said issue is expected to be in the [sum] principal amount of \$7,250,000.00,^{Alt. No. 3-32 Yr. Term} and expected to be dated as of _____, as well as any additional bonds which may be issued by said Authority to finance the cost of any necessary or required additions, extensions, enlargements or improvements to said City Wastewater Treatment Plant for the operation thereof.

The City or Authority shall, in advance of each bond sale planned to finance the Plant expansions and upgradings, mail to the Municipality copies of the form of authorizing legislation restrictions, indentures and leases and the decision of the Municipality whether or not to disapprove the sale shall be forwarded to the City within thirty (30) days after the mailing of the copies of such documentation.

13. No connection shall be made to the Sanitary Sewerage System in said Sewer District and no plumbing fixtures or appliances shall be installed in any property in Municipality connected with said System without a permit first being obtained from the Municipality and a copy of said permit being forwarded to a designated agency of the City.

14. The use of the sanitary sewerage system served by the Plant in said Municipality as well as the installation, maintenance and use of plumbing fixtures and appliances therein, shall be subject to a Plumbing Code, Rules and Regulations substantially similar to that of the City as may be in effect from time to time and further subject to all laws of the Commonwealth, present or future, applicable to the use of the Municipality's sanitary sewerage system, as well as to the installation, maintenance and use of plumbing fixtures and appliances in the Municipality. The City, its Plumbing Inspector and other proper officials and agents shall have, upon notice to Municipality, a right of reasonable inspection of the Municipality Sewage System, connections therewith, plumbing fixtures and appliances and the use thereof. If the City or its proper officials or agents shall find from such inspection any condition, use, practice, discharge of waste or plumbing fixture or appliance harmful to the City's Sewerage System or its sewerage treatment works or the processes of said works, upon agreement by the Municipality, the orders of the City or its proper official or agent for the correction thereof shall be complied

with and Municipality agrees to cooperate fully with the City in this regard, and to pass such ordinances as permitted by law giving the City the authority and power and means to carry out the provisions of this paragraph.

15. Municipality and all other users of the Plant, including City, agrees that none of the following shall be discharged or caused to be discharged into the City's Sewerage System:

- a) any liquids or vapor having a temperature higher than 150[F.],
- b) any water or waste which may contain more than 100 parts per million, by weight, of fat, oil, or grease,
- c) any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas,
- d) any unground garbage,
- e) any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastic, wood, paunch, manure, or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewage works,
- f) any waters or wastes having a pH lower than 5.5, higher than 9.5 or having any other corrosive property capable of causing damage or hazard to structure, equipment and personnel of the sewage works,

- g) any waters or wastes containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage treatment process, constituting a hazard to humans or animals, or creating any hazard in the receiving waters of the sewage treatment plant,
- h) any waters or wastes containing suspended solids of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment plant,
- i) any noxious or malodorous gas or substance capable of creating a public nuisance.

16. Municipality and City agree that they will not permit the connection and discharge of industrial waste from any industry except after the formulation of a contract between industry and Municipality within which the industry is located and all Codes, Rules and Regulations, all Laws of the Commonwealth, and Ordinances of the City, present or future, shall be applicable to use of the sanitary sewer system and the Plant by industry. The responsibility for the enforcement shall be with Municipality. The City, however, reserves the right to enforce said Rules, Regulations, Laws of the Commonwealth, or City Ordinances, present or future, in the event Municipality would fail to do so.

17. The parties hereto shall, each at its own expense, maintain proper primary liability insurance with a reputable insurance company or companies licensed to do business in the Commonwealth of Pennsylvania in the minimum single limit (or equivalent split limits) of \$10,000,000 for the City and Authority and \$1,000,000 for the Municipality. Each party shall be furnished with a copy of the certificate of insurance, and such insurance shall not be subject to cancellation without at least thirty (30) days advance written notice to all parties. In addition to the foregoing specified minimum amounts of liability insurance, City or Authority, as appropriate, shall carry additional amounts of liability insurance from time to time in such amounts as are generally regarded as necessary or advisable in connection with the operation of a regional sewage treatment Plant. The failure among party hereto, at any time or from time to time, to enforce the foregoing provisions of the paragraph concerning insurance coverage shall not constitute a waiver of those provisions nor in any respect reduce the obligation of the party to defend and hold and save the other parties harmless with respect to any items or injury or damage covered by this paragraph.

18. Housing or redevelopment projects set up in Municipality or City by any housing or redevelopment authority, financed wholly or in part by State and/or Federal loans or grants-in-aid, shall not be entitled to, nor given free or reduced rate sewerage service.

19. In order that the purpose and intent of this Agreement may be carried out, the City and Municipality agree to enact and keep in force, and to enforce all necessary ordinances or resolutions.

20. The City does not, by this Agreement, commit itself to give to Municipality any sewerage service other than that mentioned in this Agreement. The City and Authority covenant to:

A. Maintain the Plant and related facilities in good repair, working condition and order;

B. Continuously and efficiently operate the Plant in accordance with generally accepted operating practices;

C. From time to time make all necessary, ordinary repairs, renewals and replacements thereof and all necessary improvements thereto in order to maintain adequate service to Municipality, all of which shall be deemed to be a part of the cost of operation;

D. Comply with all present and future laws.

21. If Municipality or City should at any future time transfer its sewerage system to any other agency or municipality by deed, lease or otherwise, then Municipality shall assign this Agreement to such agency or municipality, and upon such assignment, the assignee shall be subject to all of the obligations and shall be entitled to receive all of the rights and benefits of this Agreement.

22. If at any time the City, in making application or agreements for State or Federal Grants to aid in any improvements, restoration, expansion, or repair to or operations of its facilities, may need cooperative action by Municipality, such action will not unreasonably be withheld by the Municipality and the City and Authority agree to make all such applications as may be required to obtain such funds as may be available to subsidize any charges to the Municipality pursuant to this Agreement.

23. The parties agree that all disputes concerning the interpretation or application of any provisions of this Agreement shall be settled by arbitration in accordance with the rules of the American Arbitration Association.

24. The effective date of this Agreement shall be the date on which the improvements to the treatment are certified by the York Consulting Engineers to be in operation in accordance with all DER and EPA requirements and written notice thereof is sent to all Municipalities.

25. The City or any Municipality who is a party to this Agreement may buy from or sell to each other any capacity it has reserved at a price equal to what it has paid for said capacity, plus interest from the date of this Agreement or the date of acquisition of the capacity, as applicable at a rate not to exceed the average yield for 20 municipal bonds in the latest four weeks reported in the Bond Buyers Index, or, if such index is not published, its equivalent.

26. This Agreement shall be declared null and void if the City Bond Issue described herein to fund expansion of the Plant exceeds \$8,500,000.00 or if any of the participating Municipalities fail to execute agreements of like form containing only such variables as plant capacity reserved and other data necessarily variable.

27. If for any reason the capacity of the Plant should be rerated and assigned a capacity in excess of 26 MGD, this excess capacity shall be distributed to each party in the same percentages as capacity allotted to expansion of the wastewater treatment plant.

28. Any fines levied upon the City as a result of any participating municipality's effluent, that Municipality shall indemnify and reimburse the City for the amount of such fine and any costs connected therewith.

IN WITNESS WHEREOF, the parties have fully executed this Agreement the day and year aforesaid.

ATTEST:

Miriam S. Miller
City Clerk

CITY OF YORK

John D. Kent
MAYOR

Controller

ATTEST:

WEST YORK BOROUGH

John L. Bundy

William Valentine

ADDENDUM

The Agreement to which this addendum is attached shall be amended as follows:

Page 16 Section 12 line 18 after the word "the" strike "sale" and insert "documentation" and strike the word "Thirty (30)" and insert "Fifteen (15)".

It is further understood that approval shall be deemed to have been given if no response is received and that any disapproval must be by Municipalities representing not less than 50% of the gallonage reserved in the plant expansion.

In addition, the initial sale contemplated hereby in the amount of \$ 7,250,000 for a term of 32 years from the date of the bonds with interest capitalized for a period of two years (except for an amount of approximately \$ 300,000) is hereby approved.

IN WITNESS WHEREOF, the parties have fully executed this Agreement the day and year aforesaid.

ATTEST:

Miriam S. Dillon
City Clerk

CITY OF YORK

John P. Kent
Mayor

[Signature]
Controller

WEST YORK BOROUGH

ATTEST:

John L. Bundy

William Valentine

J O I N D E R

YORK CITY SEWER AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), owner of the York City Wastewater Treatment Plant, and a party to all contracts for the expansion and upgrading of said plant, joins in the attached Agreement, and covenants and agrees to comply with all of the duties and obligations imposed upon it by either the existing or future Lease or Trust Indenture and to comply with any orders, rules, or regulations of the Department of Environmental Resources of the Commonwealth of Pennsylvania or of the United States Environmental Protection Agency.

IN WITNESS WHEREOF, York City Sewer Authority has fully executed this Joinder on the 15th day of December, 1976.

YORK CITY SEWER AUTHORITY

By Robert J. Miller
Chairman

Attest:

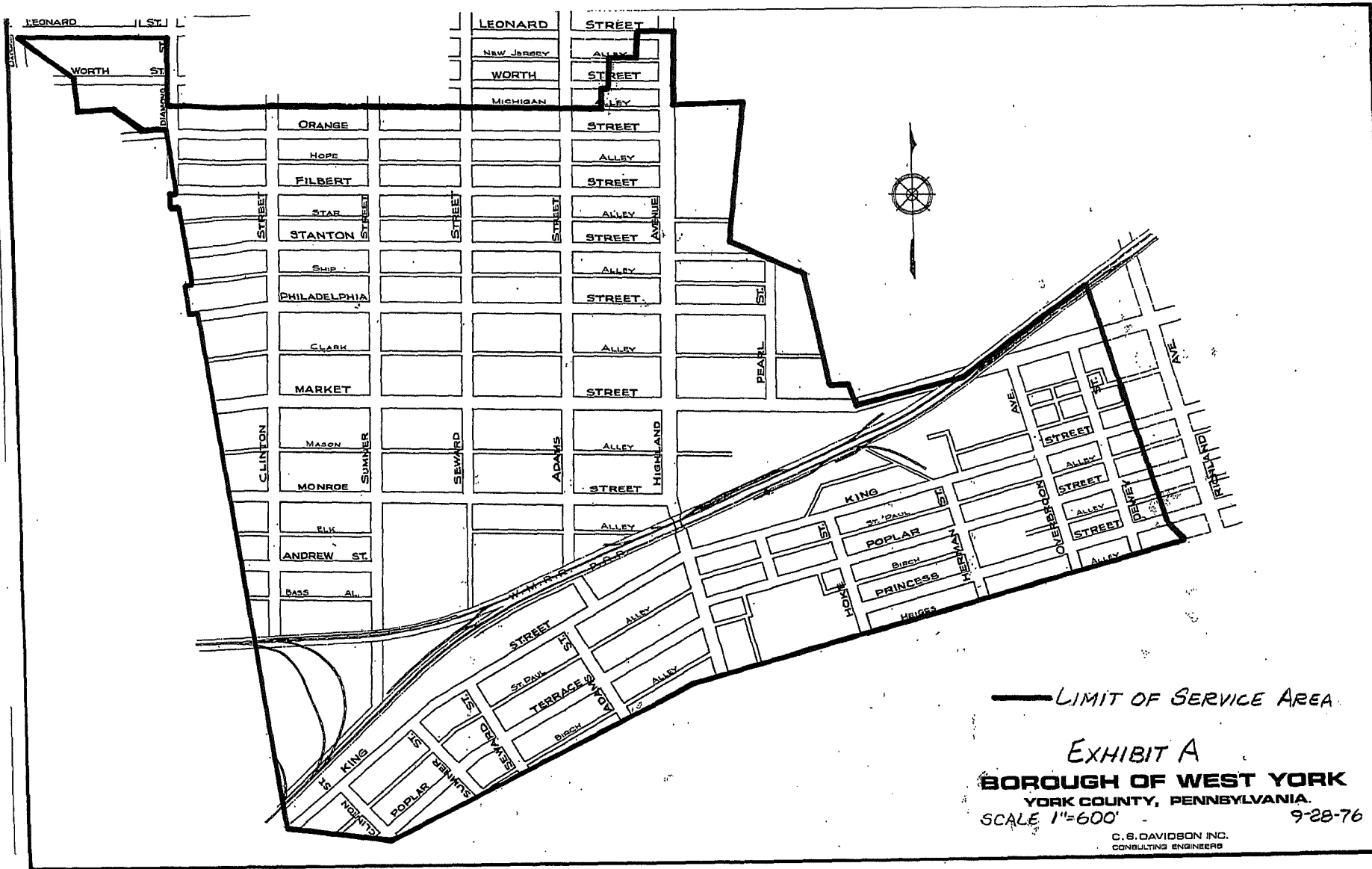
John K. B. [Signature]
Secretary

C. S. DAVIDSON, INC.

October 6, 1976

Annex 1

1. In Richland Avenue at the intersection of West College Avenue and Richland Avenue (metered).



— LIMIT OF SERVICE AREA

EXHIBIT A
BOROUGH OF WEST YORK
 YORK COUNTY, PENNSYLVANIA.
 SCALE 1"=600' 9-28-76

C. S. DAVIDSON INC.
 CONSULTING ENGINEERS

Council of the City of York, PA
Session 2003
Resolution No. 179

Introduced by: **Mary Anne Bacas**

Date: October 21, 2003

Mary Anne Bacas

WHEREAS, the City of York entered into an Intermunicipal Agreement with Manchester Township, West Manchester Township, West York Borough, North York Borough, Spring Garden Township, and York Township in December of 1976 for the collection and disposal of the municipalities' sanitary sewage; and

WHEREAS, the above municipalities desire to amend Annex #1 (Points of Connection) of the existing agreements,

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of York, Pennsylvania, that the Mayor is authorized and the Controller is authorized and directed to execute the Amendments to the Articles of Agreement, attached hereto and made a part hereof, on behalf of the City of York, Pennsylvania.

PASSED FINALLY: **October 21, 2003** BY THE FOLLOWING VOTE:

YEAS: Smallwood, Texter, Bacas, Musso - 4, Smith

NAYS: None

Mary Anne Bacas

Mary Anne Bacas
PRESIDENT OF COUNCIL

Attest:

Dianna L. Thompson
Dianna L. Thompson
CITY CLERK

INTERMUNICIPAL AGREEMENT – AMENDMENT #2

This agreement made and entered into this 21ST day of OCTOBER, 2003, between the City of York (hereinafter CITY), and West York Borough (hereinafter MUNICIPALITY):

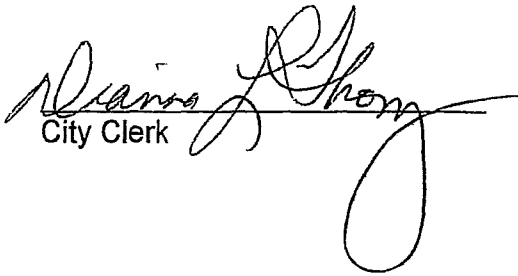
WHEREAS, the CITY leases and operates a wastewater treatment system, owned by the York City Sewer Authority; and

WHEREAS, MUNICIPALITY currently utilizes this wastewater treatment system pursuant to the Intermunicipal Sewer Agreement ("Articles of Agreement") between the CITY and MUNICIPALITY dated December 13, 1976.

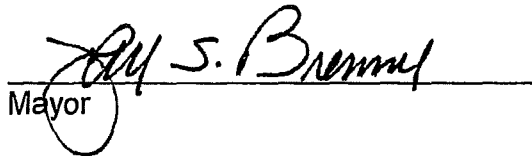
This agreement replaces Annex 1 of the Intermunicipal Sewer Agreement with Annex 1 dated October 7, 2003 that is attached and made a part hereto.

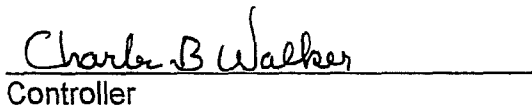
IN WITNESS WHEREOF, the parties have fully executed this Amendment the day and year aforesaid,

ATTEST:


City Clerk

CITY OF YORK


Mayor


Controller

ATTEST:

WEST YORK BOROUGH

Revised October 21, 2003

Exhibit A

Annex 1 – Revised West York Borough Connections to the City of York Sanitary Sewer System		
Point No.	Description of Intermunicipal Connection	Nearest City MH Nos.
1	In Richland Avenue at intersection with West College Avenue connection to the City of York Upper Codorus Creek Interceptor (metered, tributary to City of York Sewage Flow Meter WY01).	A81

JOINDER

YORK CITY SEWER AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), owner of the York City Wastewater Treatment Plant, and a party to all contracts for the expansion and upgrading of said plant, joins in the attached Agreement, and covenants and agrees to comply with all of the duties and obligations imposed upon it by either the existing or future Lease or Trust Indenture and to comply with any orders, rules, or regulations of the Department of Environmental Protection of the Commonwealth of Pennsylvania or of the United States Environmental Protection Agency.

IN WITNESS WHEREOF, York City Sewer Authority has fully executed this Joinder on the 19th day of NOVEMBER, 2003.

YORK CITY SEWER AUTHORITY
By Philip W. Buddell
Chairman

ATTEST
J. Brown
Secretary

Exhibit “M”

07

AGREEMENT

This Agreement made this 27th day of May, 1959, between West York Borough, hereinafter called Borough, and West Manchester Township, hereinafter called Township, municipal corporations of York County, Pennsylvania;-

Whereas, Borough has in operation a sanitary sewer line in West King Street, which line carries sewage into the sanitary sewer system of the City of York for treatment, And

Whereas, Borough has in operation a pumping station in West King Street, approximately 350 feet east of the boundary line between Borough and Township to pump sewage eastwardly through the aforesaid sewer lines, which pumping station is at the western end of said sewer line, And

Whereas, Township is in the process of constructing a system of sanitary sewers in the Township, known as Lincolnway Sanitary Sewer District #3, and the Township desires to connect its system to the said sewer line on West King Street, And

Whereas, the said pumping station will be insufficient to handle the additional sewage from the Township, and the Township is desirous of constructing a new pumping station for joint use by the Borough and Township, the cost of construction, operation and maintenance to be shared by the Borough and Township, inasmuch as the Borough will abandon its pumping station, And

Whereas, Borough and Township desire to agree to the terms and conditions of construction, operation and maintenance of said new pumping station.

Now, Therefore, it is agreed between Borough and Township as follows:

1. Borough will pay for the installation of the gravity and force sewer lines within the Borough limits from the site of the present pumping station westwardly approximately 350 feet to the Borough-Township line.
2. Township will pay for the installation of the gravity and force

sewer line from the Borough-Township line westwardly to the new pumping station.

3. Borough will pay 25% of the cost of construction of the new pumping station and wet well, and Township will pay 75% of the cost thereof. The said cost of construction includes the contract price, engineering, inspection, land and all contingencies.

→ 4. Township will be responsible for the operation and maintenance of the new pumping station. The cost of maintenance and operation, including electricity, shall be paid by Borough and Township in proportion to the quantity of sewage contributed by each, except that during the first year of operation or any year thereafter, Borough will not pay more than 50% of the total cost of operation and maintenance, including electricity. On the first day of January of each year the ratio of the total cost of operation and maintenance for the ensuing year to be paid by the Borough and Township will be fixed. ~~fixed~~.

5. Township will pay to Borough for the use of Borough trunk lines 5% of the amount charged to Township by City of York for treatment of the sewage contributed by the Township to the new pumping station.

6. Borough has the right, at any time, at its own expense, to extend sanitary sewer lines from the unsewered southwest corner of the Borough to connect with Township sewer lines in Lincolnway Sanitary Sewer District #3.

7. The apportionment of the cost of construction of the new pumping station is based upon an anticipated ultimate use of the Borough of 25%, and by the Township of 75%, of the capacity of the pumping station. If it shall become necessary to enlarge said pumping station because of the Borough's use of more than 25% of the capacity of the pumping station,

the Borough will share in the cost of said enlargement according to its proportionate use. Otherwise, Township will pay all costs of enlargement, whether it be by expanding the new pumping station or by constructing an additional new pumping station or by increasing the size of the existing 6" force main within the Borough.

8. This agreement contemplates that the existing Borough sewage system into which sewage will be pumped from the new pumping station will be adequate in capacity to receive the anticipated flows from both

the Borough and the Township. However, should the Borough's system become overloaded because of a flow from the Township greater than anticipated, then the sewage contributed by the Borough shall be first provided for, and it shall be the responsibility of the Township to provide any necessary enlargement of existing Borough mains, or to make such other provisions at its own expense as may be necessary to transport Township sewage to the City of York for treatment.

West York Borough

By Albert G. Maud
President, Borough Council

Attest:

Richard A. Kober
Secretary

West Manchester Township

By William J. Givens
Chairman, Board of Supervisors

Attest:

Harold E. Gilbert
Secretary

Exhibit “N”

EXHIBIT "N"

Estimated Annual Revenue and Expense Figures for the Proposed, Additional Customers

Projected annual revenue is based upon average monthly water usage for the period of November 2014 – October 2015 using York Water's usage data and applying average monthly consumption of 4,393 gallons for a projected 1,667 wastewater customers.

Monthly Customer Charge	\$ 25.00 (includes the first 3000 gallons/month)
Monthly Consumption Charge:	
1,393 x \$0.002 =	<u>\$ 2.79</u>
Monthly Charge per Customer	\$ 27.79
	<u>X 12</u>
Annual Charge per Customer	\$ 333.48
	<u>X 1,667</u>
Total Annual Revenue	\$ 555,911.16

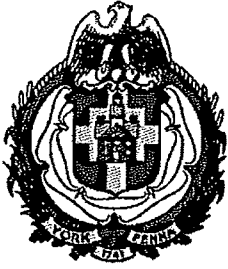
Projected expenses are calculated based on West York Borough's financial statement for the year ended December 31, 2014.

Treatment Charges ¹	\$463,137
Payment for Debt Service ²	<u>352,503</u>
Total Operating Expenses	<u>\$815,640</u>
Projected Operating Income/(Loss)	(\$259,729)

¹ Payment to City of York for treatment charges as defined in Exhibit "L"

² Payment to City of York for City of York debt service as defined in Exhibit "L"

Exhibit “O”



The City of York Pennsylvania

101 South George Street ❖ PO Box 509 ❖ York, PA 17405
www.yorkcity.org
Honorable C. Kim Bracey, Mayor

Jason R. Sabol, Esquire
Assistant Solicitor

May 13, 2016

J.T. Hand
Chief Operating Officer
The York Water Company
130 E. Market Street
York, PA 17401

Dear Mr. Hand:

The City of York is aware of York Water's Agreement of Sale and intent to acquire the wastewater collection assets of West York Borough. The City of York acknowledges and agrees that subject to successfully closing on this sale, The York Water Company will succeed West York Borough as party to the 1976 Agreement between the City of York and West York Borough and shall be subject to all of the obligations and shall be entitled to receive all of the rights and benefits of the 1976 Agreement.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Jason R. Sabol", written over the typed name "Assistant Solicitor".

Assistant Solicitor

Exhibit “P”

EXHIBIT "P"

PART I: SCHEDULE OF RATES AND CHARGES

Asbury Pointe Area

A flat rate of \$50.00 per month per equivalent dwelling unit. (I)

East Prospect and Lower Windsor Area

A metered rate (based on water consumption) as follows:

	<u>Per Month</u>	<u>Rate</u>
East Prospect and Lower Windsor area	1 st 4,000 Gals.	\$50.00
Over	4,000 Gals.	\$2.00 per 1,000 Gals.

West York Borough Area

A metered rate (based on water consumption) per equivalent dwelling unit as follows:

Residential

	<u>Per Month</u>	<u>Rate</u>
West York Borough area	1 st 3,000 Gals.	\$25.00
Over	3,000 Gals.	\$2.00 per 1,000 Gals.

Commercial

	<u>Per Month</u>	<u>Rate</u>
West York Borough area	1 st 3,000 Gals.	\$35.00
Over	3,000 Gals.	\$2.00 per 1,000 Gals.

Issued:

Effective: