

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

C-20055455

IN REPLY PLEASE
REFER TO OUR FILE

May 11, 2006

C-20055451; et al

BRIAN P DEGROOT
13 ROSEMARY DR
TUNKHANNOCK PA 18657

DOCUMENT
FOLDER

Brian P. Degroot; et al & PA PUC Law Bureau, Office of Consumer Advocate
Intervenors

v.

Washington Park Water Company; et al & PA PUC Law Bureau, Office of Consumer
Advocate Intervenors

v.

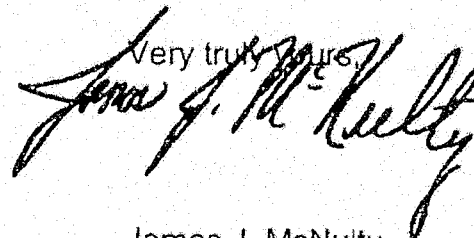
Washington Park Sanitary Company

TO WHOM IT MAY CONCERN:

This is to advise you that no timely filed exceptions and no requests for review from the Commissioners have been received within the specified time period to the decision issued in the subject case.

Therefore the decision of the Administrative Law Judge is final without further Commission action.

A copy of the final order has been enclosed for your records.

Very truly yours,


James J. McNulty
Secretary

Enclosure
Certified Mail
Receipt Requested
MMB

BTL

See attached list for additional parties

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Brian P. Degroot	C-20055451
Kathleen Sylvester	C-20055453
Kandi Jo Madill	C-20055454
Joseph Yakowski	C-20055460
James Holly & Sandy Phillips	C-20055461
Leigh Powell	C-20055468
Lisa Higgins	C-20055472
William J. Finkler	C-20055473
Fred T. Riebeling	C-20055556

Formal Complainants

And

PA PUC Law Bureau,
Office of Consumer Advocate
Intervenors

v.

DOCUMENT
FOLDER

Washington Park Water Company

Kathleen Sylvester	C-20055455
Kandi Jo Madill	C-20055456
Fred T. Riebeling	C-20055557
William J. Finkler	C-20055473

Formal Complainants

And

PA PUC Law Bureau,
Office of Consumer Advocate
Intervenors

v.

Washington Park Sanitary Company

DOCKETED
JAN 24 2007

F I N A L O R D E R

In accordance with the provisions of Section 332(h) of the Public Utility Code, 66 Pa. C.S. §332(h), the decision of Administrative Law Judge Ember S. Jandebaur dated March 2, 2006, has become final without further Commission action;

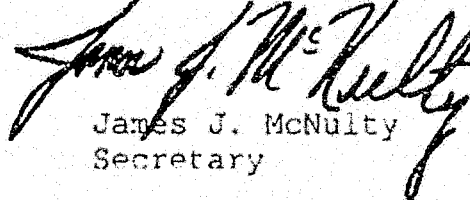
THEREFORE,

IT IS ORDERED:

1. The motion of Washington Park Water Company and Washington Park Sanitary Company to dismiss the Complaints of Brian P. Degroot C-20055451, Kandi Jo Madill C-20055454 and C-20055456, Joseph Yakowski C-20055460, James Holly and Sandy Phillips C-20055461, Leigh Powell C-20055468, Lisa Higgins C-20055472, Fred T. Riebeling, C-20055556 and C-20055557 for failure to prosecute is granted; and

2. The following Complaints are dismissed with prejudice: Brian P. Degroot C-20055451, Kandi Jo Madill C-20055454 and C-20055456, Joseph Yakowski C-20055460, James Holly & Sandy Phillips C-20055461, Leigh Powell C-20055468, Lisa Higgins C-20055472, Fred T. Riebeling, C-20055556 and C-20055557.

BY THE COMMISSION,


James J. McNulty
Secretary

(SEAL)

ORDER ENTERED: MAY 11 2006

THE LAW OFFICE
OF
ATTORNEY ERNEST D. PREATE, JR.

MELLON BANK BUILDING
400 SPRUCE STREET SUITE 300
SCRANTON, PA 18503
(570) 558-5970
(570) 558-5973 FACSIMILE
edpreate@adelphia.net

SUCCESSOR TO

J. JULIUS LEVY (1924-1978)
ERNEST D. PREATE, SR. (1934-1995)
ROBERT A. PREATE (1969-2002)

ERNEST D. PREATE, JR.

February 26, 2007

James J. McNulty,
Secretary
PA Public Utility Commission
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

In re: Kathleen Sylvester, William Finkler, & James Pugh,
Complainants vs. W. P. Water Company & W. P. Sanitary
Company, Respondents
Docket Nos. C20055453, C20055473, C20065849,
C20055455, C20055473, C20065850

Dear Mr. McNulty:

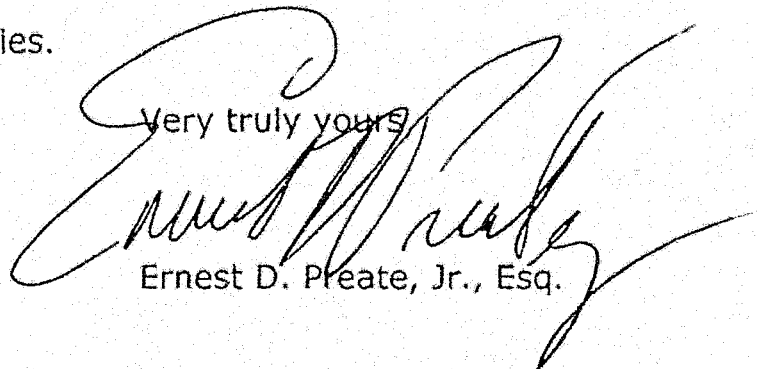
Enclosed please find an original and two copies of the Respondents
Petition to Reopen Administrative Hearing in the above captioned case.

A true and correct copy of the Respondents' filing has been mailed to
all the parties as evidenced by the attached certificate of service.

Also enclosed is an original and two copies of undersigned counsel's
Notice of Appearance as co-counsel in this case.

Thank you for your courtesies.

Very truly yours,



Ernest D. Preate, Jr., Esq.

RECEIVED
FEB 27 AM 8:27
PA PUBLIC
UTILITY COMMISSION
SECRETARY'S BUREAU
EDP/rjw
Enclosures

40

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Office of the Administrative Law Judge
Administrative Hearing
Ember S. Jandebaur
Presiding Officer

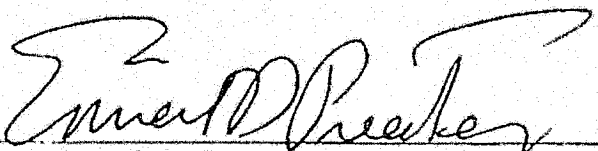
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2007 FEB 27 AM 8:27
PA. PUB. UTIL. SEC. BUREAU

Kathleen Sylvester,	:	Docket Nos.
	:	
William J. Finkler,	:	C20055453
	:	C20055473
James Pugh,	:	C20065849
Complainants	:	C20055455
	:	C20055473
vs.	:	C20065850
	:	
W. P. Water Company &	:	
W. P. Sanitary Company,	:	
Respondents	:	

ENTRY OF APPEARANCE

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE, EMBER S. JANDEBEUR:

Kindly enter my appearance as co-counsel for the Respondents, W. P.
Water Company, Inc. and W. P. Sanitary Company, Inc.

BY: 
Ernest D. Preate, Jr., Esq.
400 Spruce Street—Suite 300
Scranton, PA 18503
570.558-5970 (phone)
570.558.5973 (fax)
edpreate@adelphia.net

DOCUMENT
FOLDER

DOCKETED
MAR 01 2007

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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P.U.C.
SECRETARY'S BUREAU

Office of the Administrative Law Judge
Administrative Hearing
Ember S. Jandebaur
Presiding Officer

	:	Docket Nos.
Kathleen Sylvester,	:	
	:	
William J. Finkler,	:	C20055453
	:	C20055473
James Pugh,	:	C20065849
Complainants	:	C20055455
	:	C20055473
vs.	:	C20065850
	:	
W. P. Water Company &	:	
W. P. Sanitary Company,	:	
Respondents	:	

DOCUMENT
FOLDER

DOCKETED
MAR 01 2007

**PETITION OF RESPONDENTS W. P. WATER COMPANY & W. P. SANITARY
COMPANY TO REOPEN ADMINISTRATIVE HEARING FOR THE PURPOSE OF
TAKING ADDITIONAL EVIDENCE PURSUANT TO 52 PA CODE § 5.571**

NOW COMES, Respondents, W. P. Water Company, Inc. & W. P. Sanitary Company, Inc. by and through their attorneys, Ernest D. Preate, Jr., Esquire and Kieran M. Casey, and hereby files this petition to reopen the Administrative Hearing pending before Administrative Law Judge Ember S. Jandebaur for the purpose of taking additional evidence based on a material change of facts since the conclusion of the hearings so as to require in the public interest the reopening of the record, and in support thereof avers the following:

1. The above referenced complainants are customers of W. P. Water Company, Inc. and W. P. Sanitary Company, Inc. who filed customer complaints with the Public Utility Commission (hereinafter "PUC").

2. The Office of Consumer Advocate (hereinafter "OCA") and the PUC Law Bureau Prosecutory Staff (hereinafter ("LBPS")) intervened in this case.

3. Respondent companies are owned by Sandra Kresge. Carl Kresge is the President of the Respondent companies.

4. The hearing on these complaints was held on February 27, 2006, May 23, 2006, July 18, 2006 and July 19, 2006.

5. Since the hearing the parties have submitted their Briefs in support of the positions.

6. A decision has not been made in this matter. However, on February 14, 2007 Administrative Law Judge Jandebaur did issue an Interim Order reopening the record for the limited purpose of supplementing the record with requested business records from W. P. Water Company, Inc. and W. P. Sanitary Company, Inc.

7. The complaints against the Respondents pertained to alleged water quality water outages, insufficient of water boil advisories, low water pressure, technical deficiencies in the water delivery system and a single customer complaint of sewage backup.

8. Respondent companies have acknowledged the need to make certain improvements to the water and waste water service systems.

9. Respondent companies had made some improvements to the two systems but have unable to acquire the assets or funding necessary to implement certain recommendations with respect to constructing a new water storage tank and installing customer water meters.

10. Most recently, W. P. Water has negotiated for the sale of its water assets in Dallas and Kingston Townships in Luzerne County, and Washington Township in Wyoming County to United Water Pennsylvania, a Pennsylvania Corporation having a principal place of business at 4211 East Park Circle, Harrisburg, Pennsylvania 17111.

11. W. P. Water and United Water Pennsylvania have executed an Agreement of Sale for the assets of W. P. Water including the ownership of the well and related facilities, transmission lines and easements in and about the Sleepy Hollow Development area of Kingston Township, Luzerne County and the Washington Park Development in Washington Township, Wyoming County. A copy of said Agreement is attached.

12. Said Agreement is intending to be filed with the Pennsylvania Public Utility Commission to Certificate of Public Convenience Numbers A-213520 and A-96554.

13. This petition is presented for the purpose of taking additional testimony and presenting documentary evidence as to the buyer, United Water Pennsylvania's financial, managerial and technical expertise and fitness to offer, render, furnish and supply water service to the public in regard to the customers of the Washington Park subdivision, Washington Township, Wyoming County, being the subdivision of the Complainants.

14. United Water Pennsylvania has 55,000 water customers in Pennsylvania making it the third largest private water provider in the Commonwealth. United Water Pennsylvania is a subsidiary of "United Water Works," doing business throughout the United States as a public water provider.

15. This sale of W. P. Water assets to United Water Pennsylvania constitutes a material change of fact sufficient to warrant reopening the pending proceeding for the purpose of taking additional evidence.

16. This change of fact is both material and relevant to the instant proceeding.

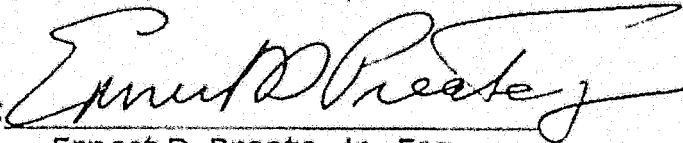
17. United Water Pennsylvania, the successor in interest to W. P. Water possesses the requisite fitness to render public water service to the Washington Park subdivision along, technical, financial and managerial lines. They certainly possess the wherewithall to implement any reasonable modifications needed to provide better service.

18. The conditions of fact and/or law have so changed as to require, in the public interest, the reopening of this proceeding.

19. The Presiding Hearing Officer's February 14, 2007 Interim Order to Reopen Hearing is limited to the Respondents providing information and documentation to the ALJ and does not take into consideration the material change of fact raised in this Petition.

WHEREFORE, for the reasons stated above, W. P. Water Company and W. P. Sanitary Company request that this petition be granted and the administrative hearing be reopened for the purpose of taking additional evidence.

Respectfully submitted,

BY: 

Ernest D. Preate, Jr., Esq.
400 Spruce Street—Suite 300
Scranton, PA 18503
570.558.5970

Co-Counsel for Respondents
W. P. Water Company, Inc.
W. P. Sanitary Company, Inc.

VERIFICATION

I, Carl K. Kresge, state that the facts above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter.

I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

Dated: 2-19-07

BY: Carl K. Kresge
Carl K. Kresge

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Office of the Administrative Law Judge
Administrative Hearing
Ember S. Jandebaur
Presiding Officer

Kathleen Sylvester,	:	Docket Nos.
	:	
William J. Finkler,	:	C20055453
	:	C20055473
James Pugh,	:	C20065849
Complainants	:	C20055455
	:	C20055473
vs.	:	C20065850
	:	
W. P. Water Company &	:	
W. P. Sanitary Company,	:	
Respondents	:	

CERTIFICATE OF SERVICE

I, Ernest D. Preate, Jr., Esq. Do hereby certify that on this 22th day of February, 2007, a true and correct copy of the attached Petition of Respondents to Reopen Hearing was served upon the following named parties by electronically and First Class U. S. Mail.

Erin L. Gannon, Esq.
Office of the Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
egannon@paoca.org

Rhonda L. Daviston
PA Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265
rdaviston@state.pa.us

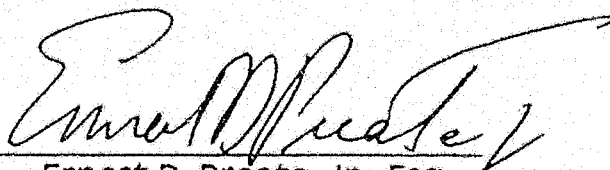
Honorable Ember S. Jandebaur
Administrative Law Judge
PA Public Utility Commission
Room 317 Scranton State Office Building
100 Lackawanna Avenue
Scranton, PA 18503
ejandebaur@state.pa.us

By First Class Mail Only To The Following:

Kathleen Sylvester
17 Jeanne Drive
Tunkhannock, PA 18657

William Finkler
18 Jeanne Drive
Tunkhannock, PA 18657

Thomas Pugh
8 Thomas Drive
Tunkhannock, PA 18657

BY: 
Ernest D. Preate, Jr., Esq.

AGREEMENT OF SALE

AGREEMENT OF SALE ("Agreement"), made this 14th day of February, 2007 by and between W. P. WATER COMPANY, INC., a Pennsylvania Corporation, the owner of Assets as hereinafter defined, having an address of 1199 Laurel Run Road, Wilkes-Barre, Luzerne County, Pennsylvania, 18702, (hereinafter sometimes referred to as "Seller"), and United Water Pennsylvania Inc., a Pennsylvania Corporation, having a principal place of business at 4211 East Park Circle, Harrisburg, Pennsylvania, 17111 (hereinafter sometimes referred to as "Purchaser").

WHEREAS, Seller is the owner or equitable owner of water transmission and distribution systems located in Dallas and Kingston Townships, Luzerne County and Washington Township, Wyoming County (the "System") which have been issued Certificates of Public Convenience by the Pennsylvania Public Utility Commission as follows: Luzerne County A-213520 and Wyoming County A-96553 (the "Certificates"); and

WHEREAS, Seller is willing to sell the System, Certificates and Assets to Purchaser; and

WHEREAS, Purchaser is willing to acquire the System, Certificates and Assets under the terms and conditions set forth herein; and

WHEREAS, the Seller is selling and the Purchaser is acquiring certain Assets of the Seller, but not the liabilities or the shares of stock of the Seller.

NOW THEREFORE, in consideration of the foregoing premises which constitute a material part of this Agreement and the mutual covenants, conditions and premises contained herein, and intending to be legally bound, the parties for themselves, their successors and assigns do hereby mutually agree as follows:

WITNESSETH:

1. SALE OF WATER SYSTEMS AND CONSIDERATION.

1.1 Water System. Seller agrees to sell, assign, transfer, and convey to Purchaser, on the Closing Date (as defined in Article 6 hereof) by general warranty deed, declaration of easement, bill of sale, assignments, and other instruments of transfer satisfactory to the Purchaser, and Purchaser agrees to purchase, all of Seller's assets and property rights, real, personal, and mixed, tangible and intangible relating to the System, whether now owned or

existing or, at any time prior to the Closing Date, created or acquired, including without limitation real property, machinery, equipment, fixtures, customer lists, and contract and the Certificates issued to the Seller by the Pennsylvania Public Utility Commission ("PUC") related to the System all of which are collectively referred to herein as the "Assets", including without limitations the following:

- (a) All wells (active and inactive), water mains, pipes, valves, pumps, hydrants, conduits, and other apparatus and appurtenances comprising the System, whether fixtures or personal property. Seller shall convey all personal property used and useful associated with or part of the System to Purchaser by means of a Bill of Sale in the form set forth on Schedule A hereto; and
- (b) Copies of business records of Seller related to the System, including customer lists and maintenance records; and
- (c) As part of the transfer of the System, Seller will convey to Purchaser, at no additional cost to Purchaser, parcels of land by general warranty deed all as set forth on Schedule B; and
- (d) Additional easements or rights that may be required by Purchaser for legal access to the System and appurtenances as set forth on Schedule B; and
- (e) Any and all water line easements in favor of the Seller, both easements currently used for water mains and those not used but designated water line easements on Recorded Maps copies of which are attached hereto as Schedule C; and
- (f) All System Distribution Maps which the Seller is required to file annually with the Department of Environmental Protection ("DEP") pursuant to the Pennsylvania Safe Drinking Water Act, 35 P.S. §721.1 et seq. (the "Act") as required by §7 of the Act, 35 P.S. §721.7(d), copies of which are attached hereto as Schedule D; and
- (g) Any and all Certificates of Public Convenience issued by the Pennsylvania Public Utility Commission pertaining to the System, copies of are attached hereto as Schedule E.

1.2 Consideration. The purchase price for the hereinabove described Assets, System and Certificates related thereto is Two Hundred Eighty Thousand (\$280,000.00) Dollars and other valuable consideration (the "Purchase Price") and shall be payable to Attorney Ernest D. Preate, Jr., Escrow Agent. A good faith deposit of Thirty Thousand (\$30,000.00) shall be payable to the Escrow Agent within fifteen (15) days of the execution of this Agreement which shall be held in the IOLTA Escrow Account of Hughes, Nicholls & O'Hara either release to Seller on the Closing Date or return to Buyer on Termination.

1.3 Liabilities Not Assumed. Purchaser shall neither assume nor be responsible for, nor take any Assets subject to any liability or obligation of any kind, known or unknown, absolute, contingent, or otherwise, of Seller or any other person whatsoever, whether or not Seller is aware of, or made a reserve for, such liability or obligation. Without limiting the foregoing, it is specifically agreed that Seller shall have sole responsibility for all claims, losses, liabilities, obligations, and damages, whenever arising, which relate to an act, failure to act, or occurrence involving Seller or Seller's property or the operation of the System and taking place on or prior to the Closing Date. Without limiting the foregoing, Purchaser shall not assume:

- (a) Any liability or obligation resulting from violations of any applicable laws or regulations by Seller prior to the Closing Date;
- (b) Any and all employee liabilities and obligations of Seller, if any, relating to present and past employees of Seller with respect to wages, accrued benefits plans (as defined in §3(3) of ERISA), programs, policies, commitments, and other benefit entitlements established or existing on or prior to the Closing Date (whether or not such liabilities are accrued or payable on the Closing Date, and whether or not such liabilities are contingent in nature).
- (c) Any liability or obligation, including, without limitation, for any personal injury or property damage or harm to the environment, resulting from the presence or release of hazardous substances at or from the Real Property or Easements prior to the Closing Date or any off-site disposal of hazardous waste prior to the Closing Date.
- (d) Any proceeding instituted before any federal or state regulatory agency or commission or any proceeding before any Court of competent jurisdiction or administrative

proceeding initiated by any Federal, State or local bureau, commission, department or agency or any of Seller's customers against the Seller including but not limited to the following:

Kathleen Sylvester, William J. Finkler and James Pugh v. W. P. Water Company, Docket No. C20055453, C20055473 and C20065849 for failure to properly manage and deliver water in Washington Park, Wyoming County.

- (e) Any Maintenance Contracts which Seller has with any third party will be the sole responsibility of Seller to terminate and be responsible for the payment of all payments due and owing and if applicable, liquidated damages.

1.4 Expenses of Transaction. Except as otherwise expressly stated in this Agreement, each party shall bear its own respective attorneys' and accountants' fees and expenses, investigation expenses, and consultants' fees in connection with the negotiation of this Agreement and consummation of the transactions contemplated by this Agreement. Purchaser shall bear all costs of title insurance for the Real Property and surveying costs. Rents, interest, real estate taxes, utility and sewer bills, and other such matters, if any, shall be apportioned as of the Closing Date as set forth herein or if not specifically stated herein as in the usual and customary apportionments in Lackawanna County, Pennsylvania.

2. TITLE.

- (a) Deed as to Conveyance of Real Estate. The deed of conveyance shall be a full covenant General Warranty Deed in proper form, and shall be duly executed and acknowledged by Seller and delivered with the necessary amount due the State of Pennsylvania and municipality for the realty transfer taxes, which will be paid one-half (1/2) by Seller and Purchaser, in order to convey to Purchaser fee title in and to the real estate and easements ("Premises") described in Schedule B annexed hereto and made a part hereof, free and clear of all encumbrances including those stated in said Schedule B and related attachment and in Article 4 hereof. Purchaser shall be responsible for the expense of recording said Deed. Conveyance of Easements to be in form and manner acceptable to Purchaser.

- (b) If, upon the Closing Date as hereinafter provided, Seller shall be unable to convey to Purchaser a good and marketable title to the Premises, in addition to any easements required for proper operation of the System, subject only as aforesaid, Seller shall have a further period of ninety (90) days within which to perfect title. It is mutually understood and agreed that no matter shall be construed as an encumbrance or defect in title so long as such matter is not construed as an encumbrance or defect under the Title Insurance Policy to be issued without exception by a Title Insurance Company authorized to do business in Pennsylvania, where applicable, or, where a policy of title insurance can be obtained at Purchaser's expense, at no additional premium, without any exception for the presumed title defect. If, at the end of said period, Seller is still unable to convey good and marketable title to the Premises subject only as aforesaid, Purchaser may elect to accept such title as Seller can convey or may refuse to accept the deed of conveyance of the Premises. Upon such refusal, Seller may request further action as the part of the Seller to provide clear title to allow conveyance of the Premises associated with the System. In the event that marketable title could not be conveyed Seller in its discretion could cancel the transaction. Upon receipt of such payments, this Agreement shall terminate and become null and void and all further claims and obligations between the parties hereto, by reason of this Agreement, shall thereupon be released and discharged.

3. RISK OF LOSS.

- (a) The risk of loss or damage by fire or other damage to the System until the time of the delivery of the deeds and easements is assumed by Seller. In the event that such loss or damage is not covered by insurance, the Seller shall be allowed a reasonable time thereafter, not to exceed ninety (90) days after the date for the delivery of the deed hereunder, within which to repair or replace such loss or damage. In the event Seller does not repair or replace such loss or damage within said time, Purchaser shall have the option:

- (i) of terminating this Agreement;

or

- (ii) of accepting a deed and bill of sale for personal property conveying said Premises in accordance with all the other provisions of this Agreement, upon payment of the aforesaid Purchase Price and of receiving the benefit of all insurance monies recovered or to be recovered on account of such loss or damage, less the amount of any monies actually expended by Seller on said repairs. Purchaser shall be included as an additional insured and loss payee on Seller's property insurance policy and shall provide Purchaser with a certificate of insurance as evidence of coverage.

Written notice of Purchaser's exercise of either of these options shall be given by Purchaser to Seller by registered or certified mail at its address as herein written.

4. ENCUMBRANCES.

In addition to those encumbrances set forth in Schedule B (if any) attached hereto, the Premises described in said Schedule B are to be conveyed and sold as follows:

- (a) Subject to any and all provision of any law, statute, ordinance, regulation, including zoning and planning, or public or private law of the political subdivisions wherein said Premises are situated.
- (b) Taxes of the political subdivision in which the Premises are situated will be apportioned pro rata on a per diem basis and any lienable municipal services will be apportioned pro rata as of the Closing Date.
- (c) Transfer taxes will be paid one-half (½) by Seller and Purchaser.
- (d) All mortgages, judgments, liens,

assessments and any taxes and fines to any governmental entity shall be deducted from the Purchase Price at Closing to be paid at Closing or adequate amounts placed in Escrow for payment so that the sale of the Assets will be free and clear of any encumbrance and comply with the Bulk Sales Act of Pennsylvania, 72 P.S. §1403.

5. APPROVAL OF STATE REGULATORY COMMISSION

Purchaser shall make all necessary filings to secure approval from the Pennsylvania Public Utility Commission ("PUC") for the transfer of the Assets forthwith after the execution of this Agreement. Both parties agree to cooperate to the extent required to accomplish the obtaining of the approval of the PUC to the transfer. This may include but not be limited to executing the Application to Abandon and Acquire and attendance at hearings and the prompt preparing and filing of financial information and other required material with the PUC. The form requested for the PUC of an order approving the sale shall be under Pennsylvania statutes relating to either voluntary or involuntary transfer which will include acquisition of Small Nonviable Water Systems under 35 Pa.Code §69.711 et seq., and may include any orders pertaining to a rate surcharge to customers. Seller shall be responsible for its own costs, if any, related to participation in or assisting in obtaining PUC and all regulatory approvals.

6. CLOSING.

The closing shall take place within fifteen (15) days of all conditions having been met and receipt by the parties of all final and non appealable Orders from the PUC and all other state and federal regulatory agencies which are required and necessary pursuant to this Agreement (the "Closing Date"), unless the parties mutually agree in writing to alter such period. In the event that the Aqua Proceeding as referenced in Article 10(e) is not successfully resolved in Seller's favor by September 30, 2007, the Buyer, in its sole discretion, can terminate this Agreement and the PA PUC Transfer Application without any liability to Seller.

7. CUSTOMER LIST.

Also included in this transaction is a list of water customers for the System, as set forth on Schedule F-1 the Washington Park Division, Wyoming County and on Schedule F-2, the Sleepy Hollow Division, Kingston Township, Luzerne County.

The list is composed of 180 residential customers, more or less.

8. REPRESENTATIONS, WARRANTIES, COVENANTS, and AGREEMENTS OF SELLER.

Seller hereby represents and warrants to, and covenants and agrees with, Purchaser as follows:

8.1 Organization, Standing and Authority of Seller. Seller is a corporation duly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Seller has full power and authority to carry out and perform its undertakings and obligations as provided herein. The execution and delivery by Seller of this Agreement, and the consummation of the transactions contemplated by this Agreement:

- (a) have been duly authorized by all proper or requisite proceedings of Seller and will not conflict with any law, including without limitations any local law, ordinance or resolution;
- (b) do not and will not conflict with or constitute a breach of, or a default under, or result in a violation of, any agreement or other instrument to which Seller is a party or by which the Seller or the System or any of the Assets are bound; and
- (c) Seller shall provide appropriate Corporation Resolution from Seller's Board of Directors and Shareholders authorizing the sale of the Assets, in form acceptable to Purchaser prior to Closing Date.

8.2 Title to Assets. Seller is the sole owner of, and has good and marketable title to, the Assets, free and clear of any and all claims, liens, encumbrances or liabilities of every nature and on the Closing Date, Seller will transfer good and marketable title to the Assets to Purchaser, free and clear of any and all claims, liens, encumbrances, equities, or liabilities of every nature. Seller agrees to execute appropriate standard affidavits as may be required for Purchaser's title insurance and any other documents necessary for the closing of this transaction, including an affidavit as to any debts of or relating to the Assets that are being purchased by Seller at the time of Closing.

8.3 Litigation. Other than as set forth on Schedule G annexed hereto, there are no judgments, liens, actions, proceedings, or litigation pending or threatened against Seller with respect to the System anywhere, or against the

Assets, and Seller does not know of, or have reasonable grounds to know of, any basis for same. There is no action, proceeding, or investigation pending or, to the knowledge of Seller, threatened before any court or other governmental body or instrumentality seeking to restrain or otherwise challenge the transactions contemplated by this Agreement or wherein an unfavorable judgment, decree or order could restrain, prohibit, rescind, or declare unlawful, or could result in substantial damages in respect of this Agreement or the performance hereof.

8.4 Compliance with Law. Seller is unaware of any violations of any law, rule, regulation, ordinance or resolution of any kind, including, but not limited to, those involving non-compliance or alleged non-compliance with any applicable air, water, including water quality testing, or noise pollution standards, or any occupational safety and health standards under the Occupational Safety Health Act of 1970 including any amendments thereto, the Pennsylvania Safe Drinking Water Act, 35 P.S. §721.1-721.17 including any amendments thereto or other applicable laws or regulations pending, claimed, or threatened against the Assets or with respect to the System.

8.5 Condition of Real Property. That the Premises being transferred to Purchaser is not in violation of any applicable laws, regulations, ordinances, local laws, resolutions, restrictions, and requirements of any governmental authorities having jurisdiction thereof, including without limitation, those pertaining to zoning, subdivision, building, safety, fire, health, and the environment.

Seller represents that all parts of the System, including well, pump house, and appurtenances, is situated upon real property owned by Seller or is equitably owned by Seller pursuant to an Agreement of Sale, dated December 12, 2006, between Seller, as Purchaser, and Joseph and Mary Elizabeth Lombardo, his wife, as Sellers, for Lot No. 14 in Sleepy Hollow, Kingston Township, Luzerne County, containing ¼ acre of land upon which a well, pump house and storage facilities are constructed. Further,

Seller possesses all easements necessary for its current access to the well, pump house, and appurtenances.

8.6 As to Real Estate Conveyed: That there are no community or association dues, nor does the property lie within any special tax district in which taxes or assessments are levied separate and distinct from municipal taxes.

8.7 Compliance with Environmental Requirements. There is no

ground water, surface water, or soil contamination on the Premises or elsewhere caused by any substance which was released or which migrated from the Premises which would or could necessitate taking remedial or protective action or that does or could cause harm to persons, property, or the environment; and there are no enforcement actions or any investigations pending by any federal, state, or local governmental agency or any pending claims or complaints by any private third parties regarding spills, leaks, or losses of hazardous wastes, hazardous substances, or hazardous materials on the Premises. No hazardous wastes, hazardous substances, hazardous materials, oil, or petroleum products or other materials which may pose a risk to human health or the environment (collectively, "Risk Substances") are being generated, used, stored, treated, or otherwise managed at or are located (or are being, are intended to be, or are threatened to be spilled, released, discharged, disposed, placed, or otherwise caused to become located) in, on, under, or upon any of the Premises or the structures thereon. For purposes of this Agreement, "hazardous wastes," "hazardous substances," "hazardous materials," "oil," and "petroleum products" shall have the meanings set forth in the Federal Resource Conservation and Recovery Act, the Federal Comprehensive Environmental Response Compensation and Liability Act, the Federal Hazardous Materials Transportation Act, the Federal Clean Water Act, and corresponding State and local laws and ordinances, as such acts, laws, or ordinances are currently in effect, or from time to time amended, or as defined in any federal, state, or local regulation currently in effect, or from time to time amended, adopted under such acts, laws, or ordinances; and the term "hazardous waste" shall include, without limiting the generality of the foregoing, polychlorinated biphenyl ("PCBs"), chemicals covered by one or more provisions of the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Sections 11001-11050, and its implementing regulations, and substances or materials which would constitute the basis for the necessity of taking remedial or protective action. There is no asbestos anywhere on, in or under the Premises; and in any event, there is no asbestos located on the Premises with respect to which removal, encapsulation, or other preventative action is required by any law, rule, or regulation. There are no devices of any kind or description on the Premises which contain a PCB concentration of fifty parts per million or greater.

Without limiting the foregoing, Seller has no liability (contingent or otherwise) under, and is presently in compliance with, all federal, state, and local environmental laws, regulations, rules, ordinances, resolutions, and other requirements currently in effect, including, but not limited to, all laws, regulations, rules, ordinances, and other requirements relating to the storage, emission, disposal, spilling, release, discharge, management, control, and reporting of pollutants, contaminants, hazardous wastes, hazardous materials, hazardous substances, oil, and petroleum products, and other materials which

may pose a risk to human health or the environment except for the actions set forth in Article 1.3(d) above.

Except as set forth in Article 1.3(d) above, no circumstances exist to support any, and Seller has not received, and has no reason to believe it will receive any:

- (1) Notice of violation of any federal, state, or local environmental law, regulation, ordinance, or other requirement currently in effect or which Seller knows will be put into effect or which Seller believes is likely to be put into effect; or
- (2) Notice of any suit, action, claim, liability (contingent or otherwise), of legal, administrative, or other proceeding concerning environmental conditions or matters, including, but expressly not limited to, notice of responsibility under the Federal Comprehensive Environmental Response Compensation and Liability Act or any similar state or local law, regulation, or ordinance.

8.8 Environmental Inspection.

- (1) Purchaser may engage a qualified firm of its choosing to perform a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of such portions of the Real Property as Purchaser elects. Copies of each such Environmental Survey shall be promptly provided by Purchaser to Seller. Purchaser shall satisfy itself that the Real Property being acquired is in compliance with all applicable Environmental Law and that Purchaser will have no material liability thereunder, and that there is no reasonable basis for the imposition of such liability in the future, due to the condition of the Real Property as of the Closing Date. Should contamination be found on the Real Property prior to the Closing Date, Seller shall have the right, but not the duty, to perform such clean up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean up and remediation, prior to the Closing Date, Purchaser may terminate this Agreement, and neither party shall have any liability to the other. The cost of

the Environmental Surveys shall be paid by Purchaser.

(2) Purchaser may, at all times prior to the Closing, do such investigation, sampling, analysis and testing of the properties of the System as necessary to determine the condition of the soils, the presence of any material in those soils, including hazardous waste and substances, petroleum products or derivatives, and underground storage tanks, pipes, and other associated equipment, and to determine the hydrology of the area, the soil type and the species of vegetation present. If any hazardous waste or substance regulated pursuant to any Environmental Law, or underground storage tanks or pipes, are discovered on any of such properties, such that the owner of such property would be required under any Environmental Law to incur response or remedial costs, Purchaser shall have the right, at its option, to elect to terminate this Agreement.

(3) To perform the test inspections, investigations and analyses authorized in the preceding paragraph, Purchaser may enter and remove, disturb and/or destroy, or bore through, as much of the vegetation surface or surface of the properties of the System as Purchaser believes is necessary to perform those functions. Purchaser shall replace any fences removed, disturbed and/or destroyed as soon as possible following such entry. All such investigation shall be conducted at Purchaser's sole risk and expense.

8.9 Water Supply. The entire source of water for the System is currently obtained from the Assets being transferred.

8.10 Condition of System. The System, including without limitation the Facilities and appurtenances and improvements to the Premises, is in good working order and in conformity with all laws, regulations, rules, ordinances, and resolutions applicable to the System. The Purchaser states that it has conducted a review of the system and is familiar with the condition of the existing system as it has been represented to Purchaser by the Seller. The person responsible for daily operations of the System prior to Closing is Carl

Kresge at phone number (570) 760-6348.

8.11 Use. The Premises complies with all present zoning requirements, and upon conveyance to Purchaser will comply in all respects with all applicable zoning (or is an allowable use as a non-conforming use), subdivision, and building code requirements, or will be deemed a valid preexisting use, and no such requirement or other restriction or covenant precludes or impairs, or will preclude or impair upon conveyance to Purchaser, the use of the Premises as part of the System. Seller has not received any notice that the Premises fails to comply with any applicable zoning or other governmental requirement or other restriction or covenant.

8.12 Access to Premises. There are no impediments to the free access to, and the egress from, the Premises by means of foot, auto or truck now or upon conveyance of the Premises to Purchaser. There is no plan, study, or effort by any governmental authority, or any non-governmental person or agency, which may adversely affect the current or planned use of the Premises. There is no existing, proposed, or contemplated plan to modify or realign any street or highway, or any existing, proposed, or contemplated condemnation or eminent domain proceeding, that would result in the taking of all or any part of the Premises or that would adversely affect the current or planned use of the Premises by the Seller.

8.13 Leases. Seller has not subjected the Premises or any portion thereof to any lease, sublease, tenancy, concession, license, occupancy agreement, or similar right and has not entered into, and shall not enter into, any agreement to do any of the above except as specified in Article 8.5 above. Seller has no outstanding management agreements or otherwise for the water system, that would be breached by a sale of the assets of the System.

8.14 Customer List. Prior to the Closing Date, Seller shall supply to Purchaser the names and addresses of the System's customers. Such Customer List shall be substantially complete, true and correct in all material respects. Within five days following the Closing Date, Seller shall furnish to Purchaser complete customer history files and customer complaint files. On the Closing Date, Seller shall provide to Purchaser a list of any customers who, as of the Closing Date, are more than ninety (90) days past due in the payment for water service.

The Purchaser shall be entitled to receive all of the customer charges and rates for service provided from and including Closing Date. The Purchaser has no obligation to collect past due utility bills from customers, but in the event said charges are collected, Purchaser shall, after deduction for

collection and administration charges, forward same to Seller within a period of one (1) year from Closing Date.

8.15 Material Adverse Change. There has not been a material adverse change in the Assets or the condition (financial or otherwise), business, properties, affairs, prospects, or results of operations of the System since February 10, 2007 and there will be no adverse material change until the Closing Date. All changes to the System which Seller desires to make or must make in accordance with any PUC Orders, e.g. installation of meters, etc., must be approved by Purchaser.

8.16 Sufficiency of Assets. The Assets conveyed to Purchaser pursuant to this Agreement constitute all of the assets owned or held for use by Seller with respect to the System, and the Assets conveyed hereunder constitute all of the assets needed by Purchaser to operate the System (including any necessary sanitary easements) as the System was operated by Seller immediately prior to the Closing Date.

8.17 Insurance Policies. Until the Closing Date, Seller shall maintain in effect all insurance and reinsurance, surety, bonding, or indemnity policies, binders, or contracts ("Insurance Policies") relating to the System and the Assets in force as of the date hereof, naming Seller as an insured or beneficiary or as a loss-payable payee or for which Seller has paid, or is obligated to pay, all or part of the premiums. Seller has not received express notice of any pending or threatened termination or retroactive premium increase with respect thereto, and Seller is in compliance with all of the conditions contained in the Insurance Policies, the non-compliance with which could result in termination of insurance coverage or increased premiums for prior or future periods. There are no pending material claims against such insurance by Seller as to which insurers have denied liability. There exists no material claim under such insurance that has not been properly reported to the insurer by Seller. Seller shall maintain each of the Insurance Policies in full force and effect until the Closing Date.

8.18 Untrue or Omitted Facts. No representation, warranty, or statement by Seller in this Agreement, nor any document, instrument, schedule, statement, or certificate furnished to Purchaser pursuant hereto, contains any untrue statement of a material fact or omits to state a fact necessary in order to make such representations, warranties, or statements not materially misleading. There is no fact known to Seller that has had, or which may be reasonably expected to have, a materially adverse effect on the System or the Assets or that has not been disclosed in writing to Purchaser. Except for estimates pertaining to the present worth of the System or the Assets, the written materials provided

by Seller to Purchaser prior to the date hereof with respect to the System and the Assets were accurate in all material respects as of the dates specified and for the periods specified therein.

8.19 DEP and the Environmental Quality Board Approvals and Permits. Seller represents that it has the required approvals and permits from the Commonwealth of Pennsylvania Department of Environmental Protection ("DEP") and the Environment Quality Board ("EQB") to operate the System as a public water system having DEP Operational Permit No.4095507 (Well Number 1 Sleepy Hollow) and the following DEP Operational Permits in the Washington Park System: 6671501 (Well Number 1); 6671501 (Well Number 1); 6691505 (Well Number 2); 6694502 (Well Number 3), ("Permits") copies of which are attached hereto as Schedule H, that there are no outstanding water quality testing violations, that the System meets all regulatory water quality testing including secondary standards for manganese and iron and that Seller will assist Purchaser in obtaining such approvals and permits as Purchaser shall need to acquire and operate the System, including but not limited to an application to DEP for the transfer of the Permits pursuant to §7 of the Act, 35 P.S. §721.7(i).

Seller represents it has not received any notifications, from the DEP or EQB regarding the System, nor has the Seller received any water quality tests for its supply showing any elevated level above the standards established by the DEP and EQB including the level of sodium chloride, nor has the Seller in the last twelve (12) months been required by DPH to issue boil notices or notices of violation of regulations to its customers.

The Seller represents it has complied with all regulatory water quality testing requirements required by the Act, 35 P.S. §721.1 et seq., and the Rules and Regulations adopted by the DEP and EQB.

The Seller represents it has all necessary permits for its wells required by the Act, 35 P.S. §721.1 et seq., and that the sanitary radius by easement or fee around the System wells comply with the Act,

8.20 Employees. The Seller does not have any employees and there are no "Employee Benefit Plans" (as such term is defined in §3(3) of ERISA) effecting any of the employees or former employees of Seller, that there are no collective bargaining agreements and that any individual working for the Seller is not a party to any employment or similar agreement, whether written or oral, that would prohibit the Purchaser from immediately terminating such individual;

8.21 Regulatory Filings. Seller will be solely responsible for filing

any and all regulatory filings with the PUC, DEP, the EQB or any other regulatory agency board of commission which must be filed and that the CCR filings which are due by June, 2007 for the year 2006 will be timely filed by Seller as will all interim filings for the year 2007 up through the Closing Date.

8.21 Foreign Persons. That Seller is not a "foreign person" within the meaning of Sec. 1445 of the United States Internal Revenue Code and that Seller's U.S. Taxpayer ID# has been provided by separate correspondence.

9. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser hereby represents and warrants to Seller that Purchaser is a valid Pennsylvania corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder. This Agreement has been duly and effectively executed and delivered by Purchaser and constitutes a valid and binding agreement of Purchaser enforceable against Purchaser in accordance with its terms.

10. CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER.

The obligations of Purchaser under this Agreement are subject in the discretion of Purchaser, to the satisfaction, at or prior to the date of closing, of each of the following conditions:

- (a) Accuracy of Representations and Warranties. The representations and warranties of Seller herein contained in this Agreement shall be true on the date hereof and shall also be true on and as of the date of Closing with the same force and effect as though made on and as of the date of Closing.
- (b) Performance of Agreements. Seller shall have performed or caused to be performed all obligations and agreements and complied or caused to be complied with all covenants and conditions contained in this Agreement to be performed or complied with by it at or prior to the date of closing.
- (c) Acquisition of Real Property. Seller has acquired or will be able to provide at the closing, any and all (i) easements and real property necessary to permit a right of access over

private property for the purposes of maintenance and repair of System components being conveyed herein and any and (ii) all real property necessary for the continued functioning of the System.

- (d) Approvals. Purchaser and Seller shall have received all required approvals, consents, permits and authorizations of governmental authorities necessary to consummate the transactions, without material change, contemplated by this Agreement on financial terms acceptable to Purchaser, and, in its sole and absolute discretion, without limiting the foregoing, all such approvals, consents, permits, and authorizations shall be final and not materially inconsistent with the provisions set forth in this Agreement.
- (e) Saddle Ridge. This Agreement is contingent upon the Seller being able to deliver the entire territories as set forth in its Certificates of Public Convenience and Necessity issued by the PUC A213520, Schedule E, which will require the dismissal of the application of Aqua Pennsylvania, Inc. ("Aqua") to provide water service to an area know as Saddle Ridge in Dallas Township, Luzerne County, Pennsylvania as filed before the Pennsylvania Public Utility Commission In Re: Application Aqua, Docket Number A-210104F0074 ("Aqua Proceeding"). Upon the filing of the Application to ~~Abandon and Acquire with the PUC the Purchaser will file a~~ Petition to Intervene in this proceeding in order to assist the Seller in having the application of Aqua denied. In the event that there is a final non-appealable Order approving the application of Aqua to provide water service to Saddle Ridge, the Purchaser shall have the absolute right to terminate this Agreement without any liability to the Seller.
- (f) This Agreement must be approved by the Board of Directors of Purchaser.
- (g) Due Diligence, Purchaser and seller agree that (a) until 45 days following the date of this Agreement (the "Due Diligence Termination Date"), Sellers and Purchaser shall cooperate to permit Purchaser to, and Purchaser shall, conduct confirmatory business and legal due diligence with respect to the business, assets (including, but not limited to, all Permits and Contracts) and liabilities of Company, (b) if

Purchaser reasonably believes that any information it becomes aware of (whether disclosed before or after the date of this Agreement) could reasonably be expected to have a Company Material Adverse Effect, then Purchaser shall have the right to provide written notice (the "Due Diligence Out Notice") to seller at any time prior to the Due Diligence Termination Date, that sets forth that Purchaser has determined not to, and shall not, purchase the Assets, and (c) that in the event that Purchaser provides Seller with the Due Diligence Out Notice, then this Agreement shall terminate in accordance with the provisions set forth in Section 10(e).

11. BULK SALES COMPLIANCE.

The Seller will strictly comply with the requirements of the Pennsylvania Bulk Sales Act, 72 P.S. §1403 and provide Purchaser with a Corporate Clearance Certificate, post Closing, from the Pennsylvania Department of Revenue that all of Seller's State taxes are paid. Prior to Closing, Seller will provide Purchaser a Certificate of Good Standing issued by the Pennsylvania Department of Revenue Seller shall also provide a statement from Seller's Certified Public Accountant that all federal, state and local taxes imposed by any governmental entity and all reports to the PUC have been filed, all taxes and assessments have been paid and that there are no outstanding obligations by Seller to any taxing agency or governmental commission that remain unpaid or that are under review. To assure payment of any outstanding tax obligations until a Corporate Clearance Certificate is issued by the Commonwealth of Pennsylvania Department of Revenue, the Seller authorizes the Purchaser to deduct at Closing the sum of Twenty Five Thousand (\$25,000.00) to be held in escrow in the IOLTA Escrow Account of Hughes, Nicholls & O'Hara. Seller authorizes the Purchaser to pay any outstanding taxes due and owing to any taxing agency from the IOLTA escrow account of Hughes, Nicholls & O'Hara.

12. INDEMNIFICATION.

- (a) Seller's Indemnification: Prior Claims, Debts, and Liabilities.
Seller agrees to defend, indemnify and hold Purchaser harmless from all such claims, debts, and liabilities accrued prior to the closing date or arising from the operation of the System during the time the Seller owned and operated same. Seller will wholly and fully indemnify Purchaser against any and all claims made by creditors of the Seller

which exist or which have accrued as of the closing date or are attributable to Seller's operation of the business prior to the closing date. In the defense of any claim, Seller retains the right, at its sole cost and expense and where reasonable, to dispute, litigate or arbitrate the claim and to appeal any adverse decision resulting therefrom.

- (b) Seller's Indemnification: Agreement Representations or Warranties. The Seller agrees to indemnify and hold the Purchaser and its officers, directors and agents harmless from damages, losses or expenses (including, without limitation, reasonable counsel fees and expenses), suffered or paid, directly or indirectly, as a result of or arising out of the failure of any representation or warranty made by the Seller in this Agreement or in any Schedule attached hereto to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.
- (c) Purchaser's Indemnification: The Purchaser agrees to indemnify and hold the Seller harmless from damages, losses or expenses (including, without limitation, reasonable counsel fees and expenses), in the aggregate, suffered or paid, directly or indirectly, as a result of or arising out of the failure of any representation or warranty made by the Purchaser in this Agreement to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.

13. TERMINATION OF AGREEMENT

- (a) This Agreement may be terminated: (i) by mutual written consent of the parties, (ii) by any party if the transactions contemplated hereby have not closed by September 30, 2007, through no fault of the party seeking termination, or (iii) as provided in paragraphs b and c below.
- (b) Purchaser may terminate this agreement, in its sole discretion, upon the occurrence of any of the following:
 - 1. The (i) failure of Seller to satisfy, in any material respect, prior to September 30, 2007, its condition(s) precedent to Closing set forth herein or (ii) failure of the conditions described in Articles 8 and 10 hereto.

2. Any material breach of this Agreement by Seller, including, but not limited to, a material breach of any representation or warranty, if Seller has not cured such breach within 30 days after notice from Purchaser, provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser, or waived by Purchaser.
- (c) Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
1. The (i) failure of Purchaser to satisfy, in any material respect, its conditions precedent to Closing, or (ii) failure of the conditions specified in Article 1 and Article 10 hereof.
 2. Any material breach of this Agreement by Purchaser, including, but not limited to, a material breach of any representation or warranty, if Purchaser has not cured such breach within 30 days after notice from Seller, provided, however, such breach must in any event be cured prior to the Closing date unless the date for cure has been extended by Seller, or waived by Seller.
- (d) Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination to the other by delivering the same as provided in Article 18.
- (e) Upon the termination of this Agreement, the following shall occur:
1. Each party shall return all documents, including copies, in its possession, or in the possession of its agents and consultants to the other, as the case may be. Each party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information.
 2. Neither party shall have any liability to the other for any damages, costs, expenses or attorney's fees.

14. MISCELLANEOUS

14.1 Entire Agreement. This Agreement contains the entire agreement and understanding among the parties with respect to the subject matter hereof and shall be deemed to supersede and cancel all other agreements and understandings, written or oral, relating to the transactions contemplated by this Agreement. No amendment or modification to this Agreement shall be valid unless made in writing and signed by the parties hereto.

The following Schedules attached to this Agreement are incorporated herein for all purposes, shall be considered a part of this Agreement and shall be in a form acceptable to both parties in their sole discretion at the time of Closing.

	Schedule A-1-	Bill of Sale Sleepy Hollow
	Schedule A-2-	Bill of Sale Washington Park
	Schedule B -	List of Real Estate and Easements with any outstanding encumbrances
	Schedule C -	Recorded Map for Water Lines
Schedule D -	Maps under ACT	
	Schedule E -	PUC Certificates
	Schedule F-1-	Customers List - Washington Park
	Schedule F-2 -	Customer List - Sleepy Hollow
	Schedule G -	List of Outstanding Litigation

14.2. Captions. The headings used herein are inserted solely for convenience and shall be disregarded in interpreting the provisions hereof. The word "Agreement" refers to the body of this Agreement, all attached Schedules, and all documents and instruments delivered in connection with the purchase and sale of the System and Assets.

14.3 Notices . All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail return receipt requested, postage prepaid:

- (a) If to Purchaser, to:
John Hollenbach
United Water Pennsylvania Inc.
4211 East Park Circle
Harrisburg, PA 17111

With Copies to:

W. Boyd Hughes, Esquire
1421 E. Drinker Street
Dunmore, PA 18512

and

United Water Management & Services, Inc.
200 Old Hook Road
Harrington Park, NJ 07640
ATTN: Legal Department

- (b) If to Seller, to:
Carl Kresge
W. P. Water Company, Inc.
1119 Laurel Run Road
Wilkes-Barre, PA 18702

With Copy to:

Ernest D. Preate, Jr., Esquire
Mellon Bank Building
400 Spruce Street, Suite 300
Scranton, PA 18503

14.5 Legal Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

14.6 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

14.7 No Broker. Each party represents and warrants that no broker or finder has acted in its behalf in connection with this Agreement.

14.8 Additional Acts and Documents. In connection with the transactions contemplated by this Agreement, the parties hereto agree to execute such additional acts and things as may be reasonably necessary and proper to effectuate and carry out the transactions contemplated by this Agreement.

14.9 Waiver. No delay or omission on the part of either party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right on any future occasion.

14.10 Third-Party Beneficiaries. Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or in behalf of any person other than the parties hereto.

14.11 Assignment. Seller shall not assign all or any part of its interest in this Agreement without the prior written consent of Purchaser, and any permitted assignment shall not relieve Seller of any of its liabilities or obligations under this Agreement.

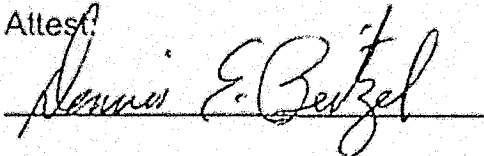
14.12 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

14.13 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants made by Seller and Purchaser herein shall survive the Closing.

IN WITNESS WHEREOF, the parties have hereunto caused, this Agreement to be executed this 14th day of February, 2007.

Signed, Sealed and Delivered
in the presence of:

Attest:



PURCHASER

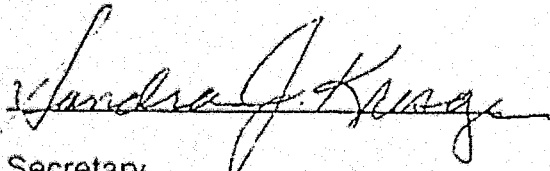
UNITED WATER PENNSYLVANIA INC

By: 
— JOHN HOLLENBACH, VICE

PRESIDENT

AND
GENERAL
MANAGER

Attest:


Secretary

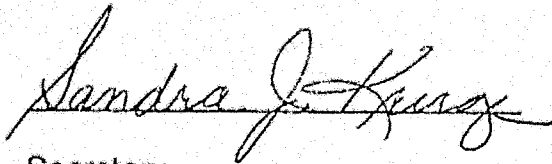
SELLER

W.P. WATER COMPANY, INC.

By: 

CARL K. KRESGE, PRESIDENT

Attest:


Secretary

W.P. WATER COMPANY, INC. d/b/a
WASHINGTON PARK WATER
COMPANY

By: 

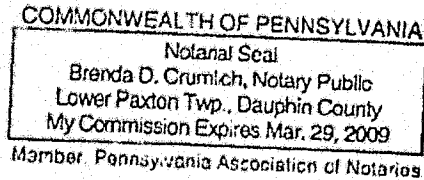
CARL K. KRESGE, PRESIDENT

STATE OF Pennsylvania }

COUNTY OF Dauphin }

On this, the 14th day of February, 2007, before me a Notary Public the undersigned Officer, personally appeared John D. Hallenbach, who acknowledged himself to be the Vice President of United Water Pennsylvania Inc., and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein continued by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Brenda D. Crumich
Notary Public
TITLE OF OFFICER

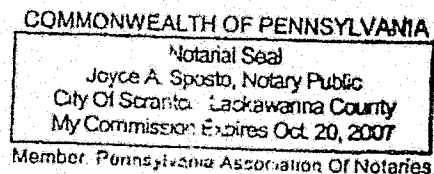
COMMONWEALTH OF PENNSYLVANIA}

COUNTY OF LACKAWANNA }

On this, the 19th day of February, 2007, before me a Notary Public the undersigned Officer, personally appeared Carl K. Kresge, who acknowledged himself to be the President of W. P. Water Company, Inc., and President of W.P. Water Company, Inc., d/b/a/ Washington Park Water Company and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein continued by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Joyce A. Spoto
TITLE OF OFFICER



THE LAW OFFICES OF
BORLAND & BORLAND, L.L.P.
11TH FLOOR
69 PUBLIC SQUARE
WILKES-BARRE, PENNSYLVANIA 18701-2597

KIMBERLY D. BORLAND
RUTH SLAMON BORLAND
DAVID P. TOMASZEWSKI
KIERAN M. CASEY

TELEPHONE (570) 822-3311
FAX (570) 822-9894

borlandk@borlaw.com
borlandr@borlaw.com
tzewski@borlaw.com
caseyk@borlaw.com

ORIGINAL

March 6, 2007

RECEIVED
2007 MAR -7 PM 10:16
SECRETARY'S OFFICE

JAMES J MCNAULTY
SECRETARY
COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
PO BOX 3265
HARRISBURG PA 17105-3265

Sylvester
Re: Kathleen ~~Snyder~~, William Finkler and
James Pugh vs. W.P. Water Co., Inc.
Docket No. C-20055453
Docket No. C-20055473
Docket No. C-20065849
Sylvester
Kathleen ~~Snyder~~, William Finkler and
James Pugh vs. W.P. Sanitary Co., Inc.
Docket No. C-20055455
Docket No. C-20055473
Docket No. ~~C-20065450~~ C-20065850
File No. CM/57293

Dear Mr. McNaulty:

Enclosed please find an original and three copies of Respondent's Motion for Extension of Time to Respond to Interim Order. Also enclosed is a Certificate of Service evidencing service of this Motion upon the Administrative Law Judge and all parties of record

DOCUMENT
FOLDER

BTL

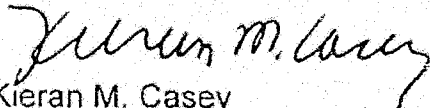
26

James J. McNaulty, Secretary
March 6, 2007
Page Two

RECEIVED
2007 MAR -7 AM 10:16
F.A.R.U.C.
SECRETARY'S BUREAU

Thank you for your consideration.

Sincerely,


Kieran M. Casey

KMC:bd
Enclosures:

- Cc Erin Gannon, Esquire (w/encl.)
Rhonda L. Daviston (w/encl.)
Honorable Ember S. Jandebour (w/encl.)
Kathleen Sylvester (w/encl.)
William Finkler (w/encl.)
James Pugh (w/encl.)
Ernest D. Preate, Jr., Esquire (w/encl.)
Carl Kresge (w/encl.)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
2007 MAR -7 AM 10:17

Kathleen Sylvester;
William J. Finkler;
and James Pugh;
Complainants
v.
W.P. Water Company, Inc.
Respondent

Docket No. C-20055453
Docket No. C-20055473
Docket No. C-20065849

Kathleen Sylvester;
William J. Finkler;
and James Pugh;
Complainants
v.
W.P. Sanitary Company, Inc.
Respondent

Docket No. C-20055455
Docket No. C-20055473
Docket No. C-20065450

MOTION FOR EXTENSION OF TIME TO RESPOND TO INTERIM ORDER

Now come the Respondents, W.P. Water Co., Inc., and W.P. Sanitary Co., Inc. by and through their attorneys, Kieran M. Casey, Esquire, and Ernest D. Preate, Jr., Esquire, who in support of their Motion for Extension of Time to Respond to Interim Order state the following:

1. Complainants, Kathleen Sylvester, William J. Finkler, and James Pugh, are customers of W.P. Water Co., Inc. and W.P. Sanitary Co., Inc. (hereinafter referred to as Respondent companies) who all filed customer complaints against Respondent companies with the Pennsylvania Public Utility Commission (hereinafter PUC).

2. The Respondent companies are both owned by Sandra Kresge. Carl Kresge is the President of both Respondent companies.

DOCUMENT
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DOCKETED
MAR 07 2007

9. To date, Respondent companies have been unable to produce all of the information required by this Court's February 14, 2007 Interim Order. Counsel for the Respondent companies do not anticipate that said companies will be able to comply with this Court's Interim Order by March 7, 2007.

10. Respondent Companies will be unable to comply with the March 7, 2007 deadline for the following reasons:

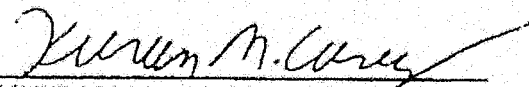
- a. Although the Interim Order is dated February 14, 2007, the undersigned counsel did not receive said Order until February 20, 2007;
- b. On or about February 12, 2007, Carl Kresge underwent surgery on his back;
- c. Subsequent to the date of this surgery, Mr. Kresge has been treated with medication to aid in his recovery;
- d. Mr. Kresge's aforementioned surgery and subsequent recovery period has impeded his ability to perform the tasks necessary to comply with the February 14, 2007 Interim Order;
- e. Subsequent to the date of Mr. Kresge's aforementioned surgery, Sandra Kresge has been the primary caretaker of Mr. Kresge during his period of recovery from surgery;
- f. Mrs. Kresge's recent care of Mr. Kresge following his surgery, as aforesaid, has reduced the amount of time available to her to comply with the Interim Order dated February 14, 2007;

11. Compliance with the Interim Order will require the Kresges to consult with an accountant. As the Interim Order was issued during tax season, compliance therewith will require additional time so as to allow the Kresges the necessary time to consult with an accountant.

12 Movants submit that in light of the pending Petition to Reopen, referenced above, a four week extension of time to comply with the Interim Order will not unreasonably delay the disposition of the customer complaints at issue.

WHEREFORE, Movants respectfully request an extension of time of four (4) weeks, until April 4, 2007, to produce the documents delineated in the Interim Order dated February 14, 2007.

RESPECTFULLY SUBMITTED:


KIERAN M. CASEY, ESQ.
BORLAND & BORLAND, L.L.P.
69 PUBLIC SQUARE, SUITE 1100
WILKES-BARRE, PA 18701
CO-COUNSEL FOR RESPONDENTS

ERNEST D. PREATE JR., ESQ.
400 SPRUCE ST.
SUITE 400
SCRANTON, PA 18503
CO-COUNSEL FOR RESPONDENTS

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Kathleen Sylvester
William J. Finkler
James Pugh

C-20055453
C-20055473
C-20065849

Formal Complainants

And

PA PUC Law Bureau,
And
Office of Consumer Advocate
Intervenors

v.

Washington Park Water Company

Kathleen Sylvester
William J. Finkler
James Pugh

C-20055455
C-20055473
C-20065850

Formal Complainants

And

PA PUC Law Bureau,
And
Office of Consumer Advocate
Intervenors

v.

Washington Park Sanitary Company

Interim Order
Reopening the Record

This matter is currently before the undersigned Administrative Law Judge (ALJ) for decision; however, there are numerous gaps in the evidence presented by the Parties rendering an accurate, useful and thorough decision impossible. In accordance



with 52 Pa. Code § 5.571 it is in the public interest to reopen the record to receive this additional evidence.

ORDER

THEREFORE,

IT IS ORDERED:

1. The Record in the above captioned formal complaints is reopened;
2. The following information shall be submitted by Carl Kresge and Sandra Kresge to the undersigned ALJ¹ within 21 days, i.e., on or before Wednesday March 7, 2007:

- 1) Itemized documentation of all business expenses for WP Water for the years 2005, 2004, and 2003;
- 2) Itemized documentation of the income of WP Water for the years 2005, 2004, and 2003;
- 3) Itemized documentation of all business expenses for WP Sanitary for the years 2005, 2004, and 2003;
- 4) Itemized documentation of the income of WP Sanitary for the years 2005, 2004, and 2003;
- 5) Copies of incorporating documents for WP Water and WP Sanitary, include accurate listing of all principals for each entity;
- 6) Listing of all of the business enterprises with address for base of operation (including a brief description

¹ In accordance with the Pennsylvania Code 52 PA Code § 5.409, one copy shall be provided to the ALJ, with 2 additional copies for the Secretary's Bureau; one copy to OCA, one copy to the Law Bureau, and the Kresge's are invited to ask the formal complainants Sylvester, Finkler and Pugh if they want to be copied. If they decline, no copies need be provided to them.

of business) of Carl Kresge and/or Sandy Kresge and current status (active, inactive, bankrupt or other) for the years 2005, 2004, and 2003;

7) Start date for the "surcharge" listed on WP Water and WP Sanitary bills, and end date if surcharge stopped;

8) Number of customers annually that the "surcharge" was collected from and annual dollar amount collected ("surcharge" only) for the years 2005, 2004, and 2003;

9) WP Sanitary's documentation of vegetation root clearing(s) for the years 2005, 2004, and 2003;

10) Documentation of any and all line replacements made on the WP Sanitary system for the years 2005, 2004, and 2003;

11) Documentation of any and all line replacements made on the WP Water system for the years 2005, 2004, and 2003;

12) Status on \$6000 civil penalty assessed against Carl Kresge by the PUC for actions in his other company, Wilbar Realty, Co., Inc.;

3. The Record in this matter will be re-closed on March 7, 2007

Date: February 14, 2007


Amber S. Jandke
Administrative Law Judge

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Kathleen Sylvester;	:	Docket No. C-20055453
William J. Finkler;	:	Docket No. C-20055473
and James Pugh;	:	Docket No. C-20065849
Complainants	:	
v.	:	
W.P. Water Company, Inc.	:	
Respondent	:	
	:	
	:	
	:	
Kathleen Sylvester;	:	Docket No. C-20055455
William J. Finkler;	:	Docket No. C-20055473
and James Pugh;	:	Docket No. C-20065450
Complainants	:	
v.	:	
W.P. Sanitary Company, Inc.	:	
Respondent	:	

C-20065850

CERTIFICATE OF SERVICE

I, Kieran M. Casey, Esquire, do hereby certify that on this 6th day of March, 2007, a true and correct copy of the attached Motion for Extension of Time to Respond to Interim Order was served upon the following individuals electronically and by First Class U.S. Mail:

Erin L. Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
egannon@paoca.org

Rhonda L. Daviston
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265
rdaviston@state.pa.us

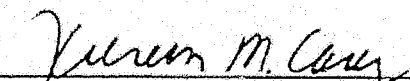
Honorable Ember S. Jandebaur
Administrative Law Judge
PA Public Utility Commission
Room 317 Scranton State Office Bulding
100 Lackawanna Avenue
Scranton, PA 18503
ejandebaur@state.pa.us

By First Class Mail Only To The Following:

Kathleen Sylvester
17 Jeanne Drive
Tunkhannock, PA 18657

William Finkler
18 Jeanne Drive
Tunkhannock, PA 18657

James Pugh
8 Thomas Drive
Tunkhannock, PA 18657

BY: 
Kieran M. Casey, Esquire



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

IN REPLY PLEASE
REFER TO OUR FILE

March 7, 2007

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

ORIGINAL

Re: Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants v.
WP Water Company, Inc., Respondent; Docket Nos. C-20055453,
C-20055473, and C-20065849

Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants v.
WP Sanitary Company, Inc., Respondent; Docket Nos. C-20055455,
C-20055473, and C-20065450
8

**DOCUMENT
FOLDER**

Dear Secretary McNulty:

Enclosed for filing please find an original and three (3) copies of the Law Bureau
Prosecutory Staff of the Pennsylvania Public Utility Commission's Answer in Opposition
to Respondent's Petition to Reopen the Hearing and Answer to Motion for Extension of
Time in the above referenced proceeding.

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

Sincerely,

Rhonda L. Daviston

Rhonda Daviston
Law Bureau Prosecutory Staff

SECRETARY'S BUREAU

2007 MAR -7 PM 1:27

Enclosures
cc: Per Certificate of Service

BTL

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Kathleen Sylvester;
William J. Finkler;
and James Pugh;
Complainants
v.
W.P. Water Company, Inc.
Respondent

Docket No. C-20055453
Docket No. C-20055473
Docket No. C-20065849

PA PUC Law Bureau Prosecutory Staff;
Office of Consumer Advocate
Intervenors

DOCKETED
MAR 13 2007

Kathleen Sylvester;
William J. Finkler;
and James Pugh;
Complainants
v.
W.P. Sanitary Company, Inc.
Respondent

Docket No. C-20055455
Docket No. C-20055473
Docket No. C-20065450

Law Bureau Prosecutory Staff;
Office of Consumer Advocate;
Intervenors

**DOCUMENT
FOLDER**

Answer to Opposition to Respondent's Petition to Reopen
Administrative Hearing for the Purpose of Taking Additional
Evidence Pursuant to 52 Pa. Code § 5.571, and
Answer to Motion For Extension of Time

Rhonda L. Daviston
Assistant Counsel
Law Bureau Prosecutory Staff

P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-6166

Dated: March 7, 2007

NOW COMES, the Intervenor, Law Bureau Prosecutory Staff (LBPS), by its counsel, pursuant to 52 Pa. Code § 5.571, and files its Answer in Opposition to Respondent's Petition to Reopen the record. LBPS objects to the reopening of the record and in support thereof, respectfully avers as follows:

Background

1. This matter was initiated by numerous customers of Washington Park Water Co. (WP Water) and Washington Park Sanitary Co. (WP Sanitary) (collectively WP or Respondent) who filed Formal Complaints between October 19, 2005 and November 10, 2005.
2. Most of the Complainants generally alleged that there are reliability, safety, or quality problems with their utility service. All of the Complainants alleged problems with either poor water pressure and/or no water pressure. One Complainant alleged that as a result of poor wastewater service, sewage backed up into his basement. Most of the complainants requested that the current president of WP, Mr. Carl Kresge, be removed as operator of WP.
3. Respondent filed Answers to the Complaints denying that there is a reliability, safety, or quality problem with the service it provides its customers. Respondent also stated that WP did not need a new operator.
4. The Commission's Law Bureau Prosecutory Staff (LBPS) filed its Notice of Intervention on November 30, 2005. The Office of Consumer Advocate (OCA) filed its Notice of Intervention on January 4, 2006.

5. A hearing was held on February 27, 2006, at which time only two Complainants, Kathleen Sylvester and William Finkler, appeared at the hearing. Respondent and Intervenor were also in attendance.

6. As a result of the other Complainants not appearing at the hearing and not requesting a change of hearing date or to participate telephonically, the Administrative Law Judge dismissed with prejudice the complaints of customers who had not appeared.

7. An additional hearing was scheduled for July 18-19, 2006. At the conclusion of that hearing, a briefing schedule was agreed upon.

8. Main briefs and reply briefs have been filed and the record was closed.

9. February 14, 2007, Administrative Law Judge Jandebaur issued an interim order reopening the record in order to receive additional documentary evidence from Carl and Sandra Kresge, the principals of Respondents, in an effort to render an accurate, useful and thorough decision.

10. Carl and Sandra Kresge were directed to submit all of the requested information concerning Respondent companies on or before March 7, 2007.

11. In the meantime, on February 27, 2007, LBPS received a petition filed on behalf of the Respondents, to reopen the record, generally, for the purpose of additional evidentiary hearings.

12. Respondents aver that W.P Water Company, Inc. (W.P. Water) and United Water Pennsylvania (United) have executed a sales agreement for the assets of W.P Water, including the ownership of the well and related facilities, transmission lines and easements in and about the Sleepy Hollow Development area of Kingston Township,

Luzerne County and the Washington Park Development in Washington Township, Wyoming County. Respondents attached a copy of the sales agreement to its petition.

The Petition to Reopen the Hearing Should be Denied

13. 52 Pa. Code § 5.57(a), (b) and (d) (Reopening prior to a final decision) provide in pertinent part:

(a) At any time after the record is closed but before a final decision is issued, a party may file a petition to reopen the proceeding for the purpose of taking additional evidence.

(b) A petition to reopen must set forth clearly the facts claimed to constitute grounds requiring reopening of the proceeding, including material changes of fact or of law alleged to have occurred since the conclusion of the hearing.

(d) provides that the record may be reopened upon notification to the parties in a proceeding for the reception of further evidence if there is reason to believe that conditions of fact or of law have so changed as to require, or that the public interest requires, the reopening of the proceeding.

14. LBPS objects to the request to reopen the hearing based upon the fact that the purported sales agreement is premature, anticipatory and speculative at this time. Although Respondents attached a copy of the sales agreement to their petition, a review of Commission records does not confirm that any formal Section 1102 application to abandon and transfer has been filed for W.P. Water.

15. Moreover, an application proceeding is a separate proceeding and is treated differently than a complaint proceeding. If and when an application to abandon and transfer service is filed by W.P. Water and United, it will be processed through the normal course of business by the Commission's Bureau of Fixed Utility Services.

As stated earlier, that process is a separate and distinct process than this complaint proceeding.

16. The Complainants in this case filed Formal Complaints seeking relief from substandard service. The public interest requires that the issues set forth in those complaints be resolved.

17. While the Formal Complaints allege substandard service for both water and wastewater, the Petition to Reopen address only the potential sale of water assets and fails to address the issues with respect to W.P. Sanitary Co.

18. Based upon the foregoing, Respondents have not met the requirements of 52 Pa. Code § 5.571 to reopen the proceeding for the purpose of taking additional evidence.

The Motion for Extension of Time to Respond to Interim Order Should be Granted in Part

19. On March 6, 2007, Respondents filed a Motion for Extension of time in response to Your Honor's Interim Order for the production of documents by March 7, 2007.

20. Respondents based their request on the following:

- (a) Mr. Kresge underwent back surgery on February 12, 2007, and is being treated with medicine to aid in his recovery.
- (b) His current condition impedes his ability to perform the tasks necessary to comply with the Interim Order.
- (c) Mrs. Kresge, President of Respondent companies, is the primary caregiver of Mr. Kresge.


- (d) Her duties as primary caregiver limit the amount of time available to her to comply with the Interim Order.
- (e) Compliance with the Interim Order requires Mr. & Mrs. Kresge to consult with an accountant.
- (f) Because the Interim Order was issued during tax season, additional time will be necessary for the Kresges to consult with an accountant.

21. While LBPS is sympathetic to the Kresges' situation, LBPS submits that this case should not be prolonged for another four weeks. As stated above, the public interest requires that the Formal Complaints concerning substandard water and wastewater service be resolved and continuing service deficiencies addressed.

22. While LBPS is not willing to agree to a four week extension, it is willing to agree to a two week extension in order to allow the Kresges to meet with their accountant and gather all of the documentation mentioned in the Interim Order.

Wherefore, LBPS requests that the Petition to Reopen the Hearing filed by Respondents be denied. LBPS does not oppose a two week extension to comply with Your Honor's February 14, 2007 Interim Order. In the event that a two week extension is granted, LBPS requests that Respondents face appropriate sanctions if they do not comply with the extended deadline.

Respectfully submitted,


Rhonda L. Daviston
Law Bureau Prosecutory Staff
Attorney ID No. 49640

P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-6166

Dated: March 7, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this 7th day of March, 2007, served a true copy of the foregoing document upon the participants listed below, in accordance with the requirements of §1.54 (relating to service by a participant).

BY ELECTRONIC AND FIRST CLASS MAIL

Kimberly D. Borland, Esquire
Kieran Casey, Esquire
Borland & Borland, LLP
69 Public Square, Suite 1100
Wilkes-Barre, PA 18701

Ernest D. Preate, Jr., Esquire
400 Spruce Street - Suite 300
Scranton, PA 18503

Erin L. Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923


Honorable Ember S. Jandebeur, ALJ
PA Public Utility Commission
Room 317 Scranton Office Building
100 Lackawanna Avenue
Scranton, PA 18503

BY FIRST CLASS MAIL

Kathleen Sylvester
17 Jeanne Drive
Tunkhannock, PA 18657

James Pugh
8 Thomas Drive
Tunkhannock, PA 18657

William J. Finkler
18 Jeanne Drive
Tunkhannock, PA 18657


Rhonda L. Daviston
Assistant Counsel
Attorney ID # 49640

Pennsylvania Public Utility Commission
P O Box 3265
Harrisburg, PA 17105-3265

DATED: March 7, 2007

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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

IRWINA POPOWSKY
Consumer Advocate

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

March 8, 2007

ORIGINAL

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

Re: Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants
v. W. P. Water Company, Respondent
Docket Nos. C-20055453, C-20055473, and C-20065849

**DOCUMENT
FOLDER**

Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants
v. W. P. Sanitary Company, Respondent
Docket Nos. C-20055455, C-20055473 and C-20065850

Dear Secretary McNulty:

Enclosed please find for filing an original and 3 copies of the Office of Consumer Advocate's Answer to Protestant, W.P. Water Company's Petition to Reopen in the above-captioned proceeding.

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

Sincerely,

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. 50026

Enclosures

cc: The Honorable Ember Jandebaur
All parties of record

93015

SECRETARY'S BUREAU
2007 MAR -8 PM 4:09

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S BUREAU
2007 MAR -8 PM 4:09
FILED

Kathleen Sylvester, : Docket No. C-20055453
William J. Finkler, : Docket No. C-20055473
and James Pugh; : Docket No. C-20065849
v. :
W.P. Water Company :

Kathleen Sylvester, : Docket No. C-20055455
William Finkler, : Docket No. C-20055473
and James Pugh; : Docket No. C-20065850
v. :
W.P. Sanitary Company :

DOCUMENT
FOLDER

ANSWER OF THE OFFICE OF CONSUMER ADVOCATE
TO PETITION OF WP WATER COMPANY AND WP SANITARY COMPANY
TO REOPEN ADMINISTRATIVE HEARING

DOCKETED
MAR 12 2007

A. INTRODUCTION

The Office of Consumer Advocate ("OCA") hereby files this Answer to the Petition to Reopen Administrative Hearing by W.P. Water Company and W.P. Sanitary Company (WP Water, WP Sanitary and, collectively, WP or the Companies). On February 26, 2007¹, WP filed its Petition to Reopen Administrative Hearing (Petition) in this proceeding involving the issue of whether WP has violated the safe and adequate service requirements of Section 1501 of the Public Utility Code. 66 Pa. C.S. § 1501. WP's Petition is based upon the grounds that because WP and United Water Pennsylvania (UWPA) have executed an Agreement of Sale of the assets

¹ The cover letter attached to WP's Petition to Reopen Administrative hearing is dated February 26, 2007 and the OCA received the Petition by electronic and first class mail on February 26, 2007 and February 27, 2007, respectively, minus Schedules A-1 through G that are missing from the attachment to both electronic and hardcopy versions of the filing. The OCA has contacted WP about the missing schedules and currently is awaiting their receipt.

of WP Water that include ownership of its drinking water facilities, the record should be reopened to take additional evidence as to UWPA's financial, managerial and technical fitness.

The OCA submits that WP's Petition should be rejected and dismissed. The record should be reopened only for the limited purposes already stated in the ALJ's February 14, 2007 Interim Order to Reopen Hearing and should not be expanded to introduce evidence that is immaterial to the issues raised and relief requested in this case.

B ANSWER

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

5. Admitted.

6. Admitted in part. The OCA admits that it is not aware of any final written decision issued by Administrative Law Judge (ALJ) Ember S. Jandebour in the instant case. By way of further information, the OCA has received ALJ Jandebour's Interim Order of February 14, 2007, reopening the record for the purpose of taking additional information related to WP's business records, among other items. Beyond this, the OCA is without knowledge or information sufficient to form a belief as to the status of the ALJ's decision in this proceeding.

7. Admitted in part, denied in part. It is admitted that complaints against WP pertained to water quality, water outages, insufficient boil water advisories in failure to provide adequate notice of the start and end of such advisories, low water pressure, and technical deficiencies in the water delivery system. By way of further information, problems of water

quality included sediment in the water caused by insufficiency of water storage. WP's statement that there is a single customer complaint of sewage backup is denied. WP's managerial practice is that it does not answer or take record of customer calls or complaints, so that the assertion that there is only a single customer complaint of sewage backup is not necessarily accurate. The inaccuracy of WP's averment of a single customer complaint regarding sewage backup is further demonstrated by the fact that WP's sewage plant has operated without a valid discharge permit and OCA witness Terry Fought's finding that improper operation and management of WP's facilities has affected the service life of the facilities and impeded service to customers.

8. Admitted in part, denied in part. It is admitted that WP has acknowledged the need to make some improvements to its water and wastewater systems. To the extent that WP's averment alleges that WP has taken full responsibility or has remedied all problems found in its water and wastewater systems, that is denied. The improvements which WP admits are necessary fall short of addressing the full breadth and depth of the quality issues raised in this proceeding. Moreover, WP has filed answers to the complaints denying any reliability, safety or quality problem with its service.

9. Admitted in part, denied in part. It is admitted that WP is unable to acquire assets or funding necessary to implement certain recommendations with respect to constructing a new water storage tank and installing customer water mains. To the extent that Paragraph 9 of WP's Petition implies that all necessary improvements have been made, other than improvements related to a new storage tank and installing water meters, that averment is denied. By way of further response, the OCA's answer to Paragraph 8 of WP's Petition is incorporated herein.

10. Paragraph 10 of WP's Petition relates solely to WP and UWPA, so that no answer is required by the OCA.

11. Admitted in part, denied in part. That WP and UWPA appear to have executed an Agreement of Sale of the assets of WP Water, including ownership of the facilities in and about the Sleepy Hollow system in Luzerne County and the Washington Park system in Wyoming County, is admitted. It is denied that the complete Agreement is attached to WP's Petition, for schedules A-1 through G appear to be missing from the copy served to the OCA.

12. After reasonable investigation, the OCA is without knowledge or information sufficient to form a belief as to the truth of whether the Agreement of Sale between WP and UWPA is intended to be filed with the Pennsylvania Public Utility Commission at Docket Nos. A-213520 and A-96554.

13. Paragraph 13 of WP's Petition relates solely to WP's motives and reasoning, so that no answer is required by the OCA.

14. Admitted with clarification. To the best of the OCA's knowledge, as of April 2006 when UWPA filed its most recent base rate case, UWPA had approximately 53,725 residential, commercial, industrial, public authority, and private and public fire protection customers in portions of Dauphin, Cumberland, Perry, York, Luzerne, Wyoming, Columbia and Schuylkill Counties.

15. Denied. It is denied that the Agreement of Sale executed between UWPA and WP constitutes a material change of fact to support reopening the instant proceeding for taking additional evidence. The issues and remedies requested in the instant proceeding do not depend upon any Agreement of Sale between UWPA and WP, and the parties' interests in this case do not change as a result of that Agreement. The issue in the instant case is whether WP has failed to provide adequate, efficient, safe and reasonable service and facilities under Section 1501 of the Public Utility Code, 66 Pa. C.S. § 1501. The remedies requested by the OCA are the

revocation of WP's certification of public convenience, an order by the Commission for a Section 529 proceeding, 66 Pa. C.S. § 529, and refunds to customers where WP improperly charged customers rates for service during which time the customers did not receive safe, adequate or reasonable service. By way of further clarification, the Agreement of Sale between WP and UWPA is contingent upon the outcome of another proceeding, at Docket No. A-210104F0074, which will determine whether WP is able to deliver to UWPA the territory that includes the future Saddle Ridge development in Luzerne County. In that proceeding, Aqua Pennsylvania (Aqua PA or AP) has filed an application with the Commission for a certificate of public convenience to serve offer, render, furnish and supply water service to the public in portions of Dallas Township, Luzerne County, Pennsylvania, in an area that includes the new Saddle Ridge development. WP filed a protest in that application proceeding, asserting that WP, not Aqua PA, maintains the right to serve new Saddle Ridge customers. The OCA intervened. Under the WP-UWPA Agreement of Sale, Aqua PA's Application to serve Saddle Ridge customers must be dismissed, otherwise UWPA is under no obligation to purchase WP. In regard to the instant proceeding, the OCA submits that the WP-UWPA Agreement of Sale is irrelevant to the issue of whether WP has violated Section 1501 and whether appropriate remedies should therefore be ordered.

16. Denied. By way of further response, the OCA's answer to Paragraph 15 of WP's Petition is herein incorporated in this answer.

17. Admitted in part, denied in part. It is admitted that at least to some extent, UWPA is successor in interest, to WP Water, should the Agreement of Sale be closed; however, certain conditions in the Agreement of Sale must be met and Commission approval must issue before closing can occur. It is also admitted that UWPA, at the outset, is presumed fit to serve. To the

extent that Paragraph 17 of WP's Petition implies that such presumption is not rebuttable, that is denied. To the extent that Paragraph 17 of WP's Petition suggests that UWPA necessarily will undertake liabilities of WP that result from this case or other proceedings, that is denied. The Agreement of Sale specifically excludes UWPA from "[a]ny liability or obligation resulting from violations of any applicable laws or regulations by Seller prior to the Closing Date" and specifically excludes UWPA from assuming WP's place in proceedings including the instant case. See Agreement of Sale at 3-4.

18. Denied. It is denied that the conditions of fact and/or law have so changed as to require, in the public interest, the reopening of this proceeding. By way of further response, the OCA incorporates its answer to Paragraphs 15-17 herein.

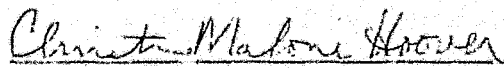
19. Admitted in part, denied in part. It is admitted that ALJ Jandebour's February 14, 2007 Interim Order to Reopen Hearing does not include reception of evidence raised in WP's Petition. It is denied that the alleged change of fact raised in WP's Petition is material to the instant proceeding.

In summary, the OCA opposes WP's Petition to Reopen for the reasons stated above. However, if the ALJ decides to grant the Petition, the OCA submits that there is additional evidence that should be presented as well. The additional evidence relates to an Order issued by DEP on December 29, 2006, against WP Sanitary Company and an Application for Approval of Abandonment or Discontinuance of Service, Docket No. A-96552, filed with the PUC by WP Sanitary on February 26, 2007. Both documents are public documents as defined in the PUC's rules and regulations. 52 Pa. Code § 5.406(a).

C CONCLUSION

The OCA respectfully requests that ALJ Jandebaur find that WP's Petition must be rejected and dismissed. The record should be reopened only for the limited purposes already stated in the ALJ's February 14, 2007 Interim Order to Reopen Hearing and should not be expanded to introduce evidence that is immaterial to the issues raised and relief requested in this case.

Respectfully Submitted,



Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Darlene R. Wong
Assistant Consumer Advocate
PA Attorney I.D. # 87381
E-Mail: DWong@paoca.org

92972

CERTIFICATE OF SERVICE

Re: Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants

v.

W. P. Water Company, Respondent

Docket Nos. C-20055453, C-20055473, and C-20065849

Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants

v.

W. P. Sanitary Company, Respondent

Docket Nos. C-20055455, C-20055473 and C-20065850

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

Dated this 8th day of March, 2007.

SERVICE BY ELECTRONIC MAIL AND INTER-OFFICE MAIL

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SECRETARY'S BUREAU
2007 MAR -8 PM 4:09

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Tunkhannock, PA 18657

William J. Finkler
18 Jeanne Drive
Tunkhannock, PA 18657

James Pugh
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Tunkhannock, PA 18657


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E-Mail dwong@paoca.org

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93012



OFFICE OF CONSUMER ADVOCATE

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Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
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IRWINA POPOWSKY
Consumer Advocate

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

March 9, 2007

ORIGINAL

SECRETARY'S BUREAU
2007 MAR -9 PM 3:51

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

Re: Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants
v. W. P. Water Company, Respondent
Docket Nos. C-20055453, C-20055473, and C-20065849

**DOCUMENT
FOLDER**

Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants
v. W. P. Sanitary Company, Respondent
Docket Nos. C-20055455, C-20055473 and C-20065850

Dear Secretary McNulty:

Enclosed please find for filing an original and 3 copies of the Answer of the Office of Consumer Advocate to Motion of WP Water Company and WP Sanitary Company for Extension of Time to Respond to Interim Order in the above-captioned proceeding

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

Sincerely,

Christine Maloni Hoover

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney ID: 50026

Enclosures

cc: The Honorable Ember Jandebaur
All parties of record

03017

ORIGINAL
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S BUREAU

2007 MAR -9 PM 3:51

Kathleen Sylvester;
William J. Finkler,
and James Pugh,
v.
W P Water Company

Docket No. C-20055453
Docket No. C-20055473
Docket No. C-20065849

Kathleen Sylvester;
William Finkler;
and James Pugh,
v.
W P Sanitary Company

Docket No. C-20055455
Docket No. C-20055473
Docket No. C-20065850

**DOCUMENT
FOLDER**

ANSWER OF THE OFFICE OF CONSUMER ADVOCATE
TO MOTION OF WP WATER COMPANY AND WP SANITARY COMPANY
FOR EXTENSION OF TIME TO RESPOND TO INTERIM ORDER

A. INTRODUCTION

The Office of Consumer Advocate ("OCA") hereby files this Answer to the Motion of W P. Water Company and W.P. Sanitary Company ("WP Water", "WP Sanitary" and, collectively "WP" or "the Companies"). The OCA opposes the relief requested for a number of reasons as noted below.¹

B. ANSWER

1. Admitted.
2. Admitted.
3. Admitted.

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¹ The OCA acknowledges that its Answer is being filed after the deadline set for WP's submission of additional evidence as set forth in the ALJ's Interim Order, however, WP did not file its Motion until the day before the deadline. The OCA has not availed itself of the full 20 day response period provided for in the PUC's administrative rules and regulations. See 52 Pa. Code § 5.133(c).

4. Admitted

5. Admitted.

6. Admitted

7. Denied. To the best of the OCA's information, knowledge, and belief, the entry of appearance by Ernest D. Preate, Jr., Esq. and the accompanying Petition to Reopen Administrative Hearing For the Purpose of Taking Additional Evidence ("Petition") were served by cover letter dated February 26, 2007, and were received by OCA by email on February 26 and first class mail on February 27, 2007.

8. Admitted in part, denied in part. It is admitted that United Water Pennsylvania is a Pennsylvania corporation with a principal place of business at 4211 East Park Circle, Harrisburg, PA 17111. The OCA denies that the Petition was based on the existence of a material change of fact for the reasons set forth in the OCA's Answer to the Petition, filed on March 8, 2007, and incorporated by reference.

9. The OCA is without knowledge or information sufficient to form a belief as to whether the companies have been able to produce the information required by ALJ Jandebour's February 14, 2007 Interim Order. The OCA, however, has not received a copy of the information as required in the Interim Order.

10. Paragraph 10 relates solely to WP's motives and reasoning, so that no answer is required by OCA.

11. Paragraph 11 relates solely to WP's motives and reasoning, so that no answer is required by OCA.

12. Denied. The OCA submits that a four week extension in this proceeding is not supported and will unreasonably delay the disposition of the customer complaints at issue. To

the extent the Companies felt that they could not comply with the Interim Order, it was incumbent upon them to file a Motion requesting relief at the earliest possible time. Moreover, the OCA submits that there has been no showing that the Companies will in fact comply with a new deadline and/or will be able to supply the information requested by ALJ Jandebaur. If the Motion is granted and, at the time of the new deadline, no information is submitted by the Companies, these proceedings have been unduly and unreasonably delayed to the ongoing detriment of the WP customers.

WHEREFORE, the Office of Consumer Advocate opposes the Companies' request for a four week extension of time and asks that the Motion be denied.

Respectfully Submitted,

DRW
Christine Maloni Hoover

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Counsel for:
Irwin A. Popowsky
Consumer Advocate

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March 9, 2007
9:16:34

CERTIFICATE OF SERVICE

SECRETARY'S BUREAU

2007 MAR -9 PM 3:51

Re Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants
v.
W. P. Water Company, Respondent
Docket Nos. C-20055453, C-20055473, and C-20065849

Kathleen Sylvester, William J. Finkler, and James Pugh, Complainants
v.
W. P. Sanitary Company, Respondent
Docket Nos. C-20055455, C-20055473 and C-20065850

I hereby certify that I have this day served a true copy of the foregoing document, Answer of the Office of Consumer Advocate to Motion of WP Water Company and WP Sanitary Company for Extension of time to Respond to Interim Order, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 154 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 9th day of March, 2007.

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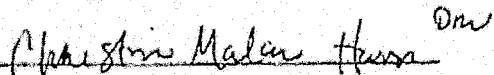
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Mr. James Holmes
Water Quality Specialist Supervisor
Pa. Dept. of Environmental Protection
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Kathleen Sylvester
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William I. Finkler
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James Pugh
8 Thomas Drive
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Christine Maloni Hoover
Senior Assistant Consumer Advocate
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HUGHES, NICHOLLS & O'HARA

ATTORNEYS AT LAW
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DUNMORE PENNSYLVANIA 18512-2014

W. BOYD HUGHES
ALBERT E. NICHOLLS JR.
BARBARA J. O'HARA
SUSAN NICHOLLS BOWEN
*ALL ARE MEMBERS OF THE BAR

DOCKETED
MAR 19 2007

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AREA CODE 570
TELEFAX 342 8450
240 MAIN STREET
BLANEDY PA 8427

March 16, 2007

James J. McNulty, Secretary
PA Public Utility Commission
400 North Street
P.O. box 3265
Harrisburgh, PA 17105-3265

ORIGINAL

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SERIALIZED
MAR 16 10 11:34

In re: Kathleen Sylvester, William Finkler & James Pugh,
Complainants vs. W.P. Water Company & W.P. Sanitary
Company, Respondents
Docket Nos: C20055453, C20055473, C20065849,
C20055455, C20055473, C20065850

Dear Mr. McNulty:

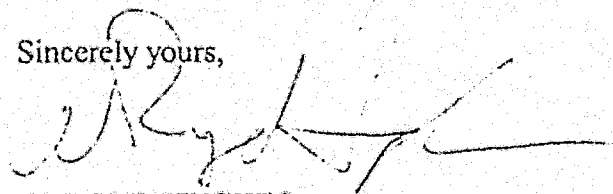
3/21

Enclosed please find an original and two (2) copies of United Water Pa, Inc.'s Petition to Intervene in the above captioned case.

A true and correct copy of the Intervener's filing has been e-mailed to ALJ Jandebcur and all attorneys of record and also mailed to all parties as evidenced by the attached Certificate of Service.

Thank you for your courtesies.

Sincerely yours,



W. BOYD HUGHES

WBH/jgp

Enclosure

**DOCUMENT
FOLDER**

BA

34

DOCKETED
MAR 19 2007

2007 MAR 16 PM 1:36
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Kathleen Sylvester,	: Docket Nos.
William J. Finkler,	: C20055453
James Pugh,	: C20055473
Complainants	: C20065849
	: C20055455
VS.	: C20055473
	: C20065850
W.P. Water Company &	:
W.P. Sanitary Company,	:
Respondents	:

ORIGINAL

**UNITED WATER PENNSYLVANIA INC.'S
PETITION TO INTERVENE**

AND NOW, comes the Petitioner, United Water Pennsylvania Inc., by and through its attorneys, Hughes, Nicholls & O'Hara, pursuant to 52 Pa. Code §5.72, seeking to intervene as a party to the within proceeding specifically limited to the customer complaints against W.P. Water Company, Inc., and the remedies sought by PA PUC Law Bureau Prosecutory Staff and the Office of Consumer Advocate, Intervenors, against W.P. Water Comany, Inc., only and in support thereof avers as follows:

1. The Petitioner, United Water Pennsylvania Inc. ("Petitioner") is a Pennsylvania corporation with a registered address at 4211 E. Park Circle, Harrisburg, Pennsylvania.

2. Pursuant to the Pennsylvania Administrative Code, a Petition To Intervene may be brought by a person whose interest may be directly affected and who is not adequately

DOCUMENT
FORM 12

represented in the proceeding *52 Pa. Code §5.72(a)(2)*.

3. Pursuant to the Pennsylvania Administrative Code, a Petition To Intervene may be brought where the participation of the petitioner may be in the public interest. *52 Pa. Code §5.72(a)(3)*.

4. W.P. Water Company, Inc. ("W.P.") is a Pennsylvania Corporation that is a separate and distinct entity from W.P. Sanitary Company, Inc., ("Sewer") in that each corporation has its own Internal Revenue Service EIN Number, Pennsylvania Entity Number, its own corporate purpose and each have individual Certificates of Public Convenience issued by the Pennsylvania Public Utility Commission ("PUC") for its specific utility services provided to the public and separate tariffs.

5. In late December 2006, the Petitioner entered into negotiations with W.P. Water Company, Inc. ("W.P.") for the asset purchase of W.P.'s two water transmission and distribution systems located in Dallas and Kingston Townships, Luzerne County and Washington Township, Wyoming County (the "System"), which have been issued Certificates of Public Convenience by the Pennsylvania Public Utility Commission to provide potable water as follows: Luzerne County, A-213520 and Wyoming County, A-96553 (the "Certificates").

6. An Agreement of Sale ("Agreement") dated February 14, 2007 has been executed by Petitioner and W.P. and Petitioner is in the process of completing its "Due Diligence" investigation pursuant to Article 10(g) of the Agreement which should be completed by March 31, 2007. A copy of the Agreement is attached hereto as Exhibit I without Exhibits and is incorporated herein by reference.

7. Pursuant to the Agreement, the Petitioner and W.P. are in the process of filing an "Application for Commission Approval of the Transfer of any Tangible or Intangible Property Used or Useful in the Public Service" pursuant to the Public Utility Code, 66 Pa. C.S. §1102(3), to approve the sale of W.P.'s assets and Certificates to Petitioner which will be filed upon completion of the "Due Diligence" investigation on or about April 2, 2007.

8. W.P.'s Certificated Service Area in Washington Township, Wyoming County is for an area encompassing seventy one (71) acres which is a residential subdivision known as Washington Park ("Park").

9. By separate Order, ALJ Jandebaur approved the Petitions to Intervene in the case sub judice by the PA PUC Law Bureau Prosecutory Staff ("Bureau") and the Office of Consumer Advocate ("OCA") both of whom participated at the hearing.

10. The above captioned proceeding originally involved three (3) private complaints against both W.P. and Sewer on which a combined hearing was held February 27, 2006 at which ALJ Jandebaur dismissed all Complainants, including James Pugh, who did not appear at the hearing thereby reducing the outstanding Complaints against W.P. to two (2), i.e. Kathleen Sylvester and William J. Finkler.

11. W.P. is a PUC provider of water service to 154 customers at Park pursuant to its Certificate of Public Convenience issued by the PUC at A96553 ("Certificate").

12. The OCA in its Answer to Respondent's, W.P. and Sewer's, Petition to Reopen Administrative Hearing ("OCA Answer") states in paragraph 15 "The remedies requested by OCA are revocation of W.P.'s certification (sic) of public convenience, and Order by the

Commission for a §529 proceeding, 66 Pa. C.S. §529,”

13. The OCA Answer in paragraph 17 states “...admitted that UWPA (“United”) at the outset is presumed fit to serve.”

14. The Petitioner is the third largest water company in Pennsylvania and the second largest water company in the United States.

15. The Petitioner operates five (5) water company divisions within Pennsylvania having over 53,000 customers including the Dallas division which has over 3200 customers and has the financial, technical and legal fitness to provide water service within W.P.’s certificated area in the Park.

16. The remedies requested by OCA in paragraph 15 of the OCA Answer for revocation of W.P.’s Certificate when only two (2) customers out of 154 or 1.3% of W.P.’s customers, appeared at hearing, is Draconian and is not in the public interest where there is a “capable public utility”, Petitioner, that has an Agreement to purchase W.P.’s water assets which will be integrated into United’s Dallas division.

17. United’s Petition to Intervene is not to refute the issues about water service by less than 2% of W.P.’s customers, which W.P. denies, but to protect Petitioner’s equitable interest under the Agreement since if the OCA’s position regarding revocation of the Certificate prevails, it would have an adverse impact on United, W.P. and the 154 water customers at Park.

18. The OCA’s position regarding the 529 proceeding on W.P.’s Certificate which is based on the Bureau’s 529(b) Notice of Mandatory Acquisition issued to Karl Kresge, President, Sandra Kresge, W. P. Water Company and W.P. Sanitary Company dated December 9, 2005 is

Sandra Kresge, W. P. Water Company and W.P. Sanitary Company dated December 9, 2005 is erroneous since:

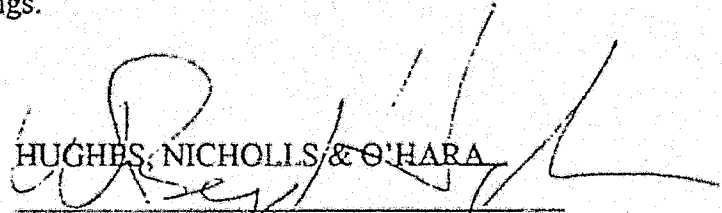
- 1). The Pa Fish and Boat Commission never filed 40 actions against W.P. Water but only against Karl Kresge and Sandra Kresge ("Kresges");
- 2). The DEP's issuance of a Notice for Proposed Assessment for 125 alleged violations of the Clean Streams Law and Sewage Facility Act were against Sanitary only;
- 3). There only exists two (2) complaints against W.P. regarding poor water pressure or no water pressure which are denied by W.P.

19 Since W.P. can be considered a non-viable water company under 52 Pa. Code 69.711, the Petitioner, as the third largest water company in Pennsylvania and the second largest in the United States, has the financial means to construct, improve and maintain the water system in Park.

20. Since the Bureau gave a 529(b) Notice to the Kresges, W.P. and Sewer on December 9, 2005 "...that the Commission may Order a capable public utility to acquire a small water ..utility if ...the conditions enumerated have been met." it is in the public interest for Petitioner as the purchaser of W.P.'s water assets to intervene in this proceeding to protect not only its equitable interest in the Agreement but the public's interest, i.e. consumers of W.P. and Park.

21 By allowing Petitioner to intervene in the proceeding the remedies sought both by the Bureau and the OCA pursuant to 529(b) will be met without the requirement of the Bureau taking any further action in an independent 529 proceeding against W.P.

WHEREFORE, Petitioner, United Water Pennsylvania Inc., respectfully requests that the Public Utility Commission enter an Order granting United's Petition to Intervene and allowing Petitioner to become a party to the within proceedings.


HUGHES, NICHOLIS & O'HARA

By: W. BOYD HUGHES, ESQ.
1421 E. Drinker Street
Dunmore, PA 18512
(570)344-7171
Attorney for Petitioner

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

2007 MAR 16 PM 1:36
SECRETARY'S BUREAU

Kathleen Sylvester,	: Docket Nos.
William J. Finkler,	: C20055453
	: C20055473
James Pugh,	: C20065849
Complainants	: C20055455
	: C20055473
VS.	: C20065850
	:
W.P. Water Company &	:
W.P. Sanitary Company,	:
Respondents	:

CERTIFICATE OF SERVICE

I, W. BOYD HUGHES, do hereby certify that on this 16th day of March, 2007 a true and correct copy of United Water Pennsylvania Inc.'s Petition to Intervene by W.P. Water Company was served upon the following named parties electronically and upon all parties by First Class Mail, postage prepaid:

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egannon@paoca.org

Wanda L. Daviston, Esq.
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
Rdaviston@state.pa.us

Honorable Ember S. Jandebour
Administrative Law Judge
PA Public Utility Commission
Room 317 Scranton State Office Building
100 Lackawanna Avenue
Scranton, PA 18503
ejandebour@state.pa.us

Ernest D. Preate, Jr., Esq.
Mellon Bank Building
400 Spruce Street, Suite 300
Scranton, PA 18503
edpreate@adelphia.net

AGREEMENT OF SALE

AGREEMENT OF SALE ("Agreement"), made this 14th day of February, 2007 by and between W. P. WATER COMPANY, INC., a Pennsylvania Corporation, the owner of Assets as hereinafter defined, having an address of 1199 Laurel Run Road, Wilkes-Barre, Luzerne County, Pennsylvania, 18702, (hereinafter sometimes referred to as "Seller"), and United Water Pennsylvania Inc., a Pennsylvania Corporation, having a principal place of business at 4211 East Park Circle, Harrisburg, Pennsylvania, 17111 (hereinafter sometimes referred to as "Purchaser").

WHEREAS, Seller is the owner or equitable owner of water transmission and distribution systems located in Dallas and Kingston Townships, Luzerne County and Washington Township, Wyoming County (the "System") which have been issued Certificates of Public Convenience by the Pennsylvania Public Utility Commission as follows: Luzerne County A-213520 and Wyoming County A-96553 (the "Certificates"); and

WHEREAS, Seller is willing to sell the System, Certificates and Assets to Purchaser; and

WHEREAS, Purchaser is willing to acquire the System, Certificates and Assets under the terms and conditions set forth herein; and

WHEREAS, the Seller is selling and the Purchaser is acquiring certain Assets of the Seller, but not the liabilities or the shares of stock of the Seller.

NOW THEREFORE, in consideration of the foregoing premises which constitute a material part of this Agreement and the mutual covenants, conditions and premises contained herein, and intending to be legally bound, the parties for themselves, their successors and assigns do hereby mutually agree as follows:

WITNESSETH:

1. SALE OF WATER SYSTEMS AND CONSIDERATION.

1.1 Water System. Seller agrees to sell, assign, transfer, and convey to Purchaser, on the Closing Date (as defined in Article 6 hereof) by general warranty deed, declaration of easement, bill of sale, assignments, and other instruments of transfer satisfactory to the Purchaser, and Purchaser agrees to purchase, all of Seller's assets and property rights, real, personal, and mixed, tangible and intangible relating to the System, whether now owned or

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existing or, at any time prior to the Closing Date, created or acquired, including without limitation real property, machinery, equipment, fixtures, customer lists, and contract and the Certificates issued to the Seller by the Pennsylvania Public Utility Commission ("PUC") related to the System all of which are collectively referred to herein as the "Assets", including without limitations the following:

- (a) All wells (active and inactive), water mains, pipes, valves, pumps, hydrants, conduits, and other apparatus and appurtenances comprising the System, whether fixtures or personal property. Seller shall convey all personal property used and useful associated with or part of the System to Purchaser by means of a Bill of Sale in the form set forth on Schedule A hereto; and
- (b) Copies of business records of Seller related to the System, including customer lists and maintenance records; and
- (c) As part of the transfer of the System, Seller will convey to Purchaser, at no additional cost to Purchaser, parcels of land by general warranty deed all as set forth on Schedule B; and
- (d) Additional easements or rights that may be required by Purchaser for legal access to the System and appurtenances as set forth on Schedule B; and
- (e) Any and all water line easements in favor of the Seller, both easements currently used for water mains and those not used but designated water line easements on Recorded Maps copies of which are attached hereto as Schedule C; and
- (f) All System Distribution Maps which the Seller is required to file annually with the Department of Environmental Protection ("DEP") pursuant to the Pennsylvania Safe Drinking Water Act, 35 P.S. §721.1 et seq. (the "Act") as required by §7 of the Act, 35 P.S. §721.7(d), copies of which are attached hereto as Schedule D; and
- (g) Any and all Certificates of Public Convenience issued by the Pennsylvania Public Utility Commission pertaining to the System, copies of are attached hereto as Schedule E.

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1.2 Consideration. The purchase price for the hereinabove described Assets, System and Certificates related thereto is Two Hundred Eighty Thousand (\$280,000.00) Dollars and other valuable consideration (the "Purchase Price") and shall be payable to Attorney Ernest D. Preate, Jr., Escrow Agent. A good faith deposit of Thirty Thousand (\$30,000.00) shall be payable to the Escrow Agent within fifteen (15) days of the execution of this Agreement which shall be held in the IOLTA Escrow Account of Hughes, Nicholls & O'Hara either release to Seller on the Closing Date or return to Buyer on Termination.

1.3 Liabilities Not Assumed. Purchaser shall neither assume nor be responsible for, nor take any Assets subject to any liability or obligation of any kind, known or unknown, absolute, contingent, or otherwise, of Seller or any other person whatsoever, whether or not Seller is aware of, or made a reserve for, such liability or obligation. Without limiting the foregoing, it is specifically agreed that Seller shall have sole responsibility for all claims, losses, liabilities, obligations, and damages, whenever arising, which relate to an act, failure to act, or occurrence involving Seller or Seller's property or the operation of the System and taking place on or prior to the Closing Date. Without limiting the foregoing, Purchaser shall not assume:

- (a) Any liability or obligation resulting from violations of any applicable laws or regulations by Seller prior to the Closing Date;
- (b) Any and all employee liabilities and obligations of Seller, if any, relating to present and past employees of Seller with respect to wages, accrued benefits plans (as defined in §3(3) of ERISA), programs, policies, commitments, and other benefit entitlements established or existing on or prior to the Closing Date (whether or not such liabilities are accrued or payable on the Closing Date, and whether or not such liabilities are contingent in nature).
- (c) Any liability or obligation, including, without limitation, for any personal injury or property damage or harm to the environment, resulting from the presence or release of hazardous substances at or from the Real Property or Easements prior to the Closing Date or any off-site disposal of hazardous waste prior to the Closing Date.
- (d) Any proceeding instituted before any federal or state regulatory agency or commission or any proceeding before any Court of competent jurisdiction or administrative

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proceeding initiated by any Federal, State or local bureau, commission, department or agency or any of Seller's customers against the Seller including but not limited to the following:

Kathleen Sylvester, William J. Finkler and James Pugh v. W. P. Water Company, Docket No. C20055453, C20055473 and C20065849 for failure to properly manage and deliver water in Washington Park, Wyoming County.

- (e) Any Maintenance Contracts which Seller has with any third party will be the sole responsibility of Seller to terminate and be responsible for the payment of all payments due and owing and if applicable, liquidated damages.

1.4 Expenses of Transaction. Except as otherwise expressly stated in this Agreement, each party shall bear its own respective attorneys' and accountants' fees and expenses, investigation expenses, and consultants' fees in connection with the negotiation of this Agreement and consummation of the transactions contemplated by this Agreement. Purchaser shall bear all costs of title insurance for the Real Property and surveying costs. Rents, interest, real estate taxes, utility and sewer bills, and other such matters, if any, shall be apportioned as of the Closing Date as set forth herein or if not specifically stated herein as in the usual and customary apportionments in Lackawanna County, Pennsylvania.

2. TITLE.

- (a) Deed as to Conveyance of Real Estate. The deed of conveyance shall be a full covenant General Warranty Deed in proper form, and shall be duly executed and acknowledged by Seller and delivered with the necessary amount due the State of Pennsylvania and municipality for the realty transfer taxes, which will be paid one-half (1/2) by Seller and Purchaser, in order to convey to Purchaser fee title in and to the real estate and easements ("Premises") described in Schedule B annexed hereto and made a part hereof, free and clear of all encumbrances including those stated in said Schedule B and related attachment and in Article 4 hereof. Purchaser shall be responsible for the expense of recording said Deed. Conveyance of Easements to be in form and manner acceptable to Purchaser.

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- (b) If, upon the Closing Date as hereinafter provided, Seller shall be unable to convey to Purchaser a good and marketable title to the Premises, in addition to any easements required for proper operation of the System, subject only as aforesaid, Seller shall have a further period of ninety (90) days within which to perfect title. It is mutually understood and agreed that no matter shall be construed as an encumbrance or defect in title so long as such matter is not construed as an encumbrance or defect under the Title Insurance Policy to be issued without exception by a Title Insurance Company authorized to do business in Pennsylvania, where applicable, or, where a policy of title insurance can be obtained at Purchaser's expense, at no additional premium, without any exception for the presumed title defect. If, at the end of said period, Seller is still unable to convey good and marketable title to the Premises subject only as aforesaid, Purchaser may elect to accept such title as Seller can convey or may refuse to accept the deed of conveyance of the Premises. Upon such refusal, Seller may request further action as the part of the Seller to provide clear title to allow conveyance of the Premises associated with the System. In the event that marketable title could not be conveyed Seller in its discretion could cancel the transaction. Upon receipt of such payments, this Agreement shall terminate and become null and void and all further claims and obligations between the parties hereto, by reason of this Agreement, shall thereupon be released and discharged.

3. RISK OF LOSS.

- (a) The risk of loss or damage by fire or other damage to the System until the time of the delivery of the deeds and easements is assumed by Seller. In the event that such loss or damage is not covered by insurance, the Seller shall be allowed a reasonable time thereafter, not to exceed ninety (90) days after the date for the delivery of the deed hereunder, within which to repair or replace such loss or damage. In the event Seller does not repair or replace such loss or damage within said time, Purchaser shall have the option:

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- (i) of terminating this Agreement;
- or
- (ii) of accepting a deed and bill of sale for personal property conveying said Premises in accordance with all the other provisions of this Agreement, upon payment of the aforesaid Purchase Price and of receiving the benefit of all insurance monies recovered or to be recovered on account of such loss or damage, less the amount of any monies actually expended by Seller on said repairs. Purchaser shall be included as an additional insured and loss payee on Seller's property insurance policy and shall provide Purchaser with a certificate of insurance as evidence of coverage.

Written notice of Purchaser's exercise of either of these options shall be given by Purchaser to Seller by registered or certified mail at its address as herein written.

4. ENCUMBRANCES.

In addition to those encumbrances set forth in Schedule B (if any) attached hereto, the Premises described in said Schedule B are to be conveyed and sold as follows:

- (a) Subject to any and all provision of any law, statute, ordinance, regulation, including zoning and planning, or public or private law of the political subdivisions wherein said Premises are situated.
- (b) Taxes of the political subdivision in which the Premises are situated will be apportioned pro rata on a per diem basis and any lienable municipal services will be apportioned pro rata as of the Closing Date.
- (c) Transfer taxes will be paid one-half (1/2) by Seller and Purchaser.
- (d) All mortgages, judgments, liens,

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assessments and any taxes and fines to any governmental entity shall be deducted from the Purchase Price at Closing to be paid at Closing or adequate amounts placed in Escrow for payment so that the sale of the Assets will be free and clear of any encumbrance and comply with the Bulk Sales Act of Pennsylvania, 72 P.S. §1403.

5. APPROVAL OF STATE REGULATORY COMMISSION

Purchaser shall make all necessary filings to secure approval from the Pennsylvania Public Utility Commission ("PUC") for the transfer of the Assets forthwith after the execution of this Agreement. Both parties agree to cooperate to the extent required to accomplish the obtaining of the approval of the PUC to the transfer. This may include but not be limited to executing the Application to Abandon and Acquire and attendance at hearings and the prompt preparing and filing of financial information and other required material with the PUC. The form requested for the PUC of an order approving the sale shall be under Pennsylvania statutes relating to either voluntary or involuntary transfer which will include acquisition of Small Nonviable Water Systems under 35 Pa.Code §69.711 et seq., and may include any orders pertaining to a rate surcharge to customers. Seller shall be responsible for its own costs, if any, related to participation in or assisting in obtaining PUC and all regulatory approvals.

6. CLOSING.

The closing shall take place within fifteen (15) days of all conditions having been met and receipt by the parties of all final and non appealable Orders from the PUC and all other state and federal regulatory agencies which are required and necessary pursuant to this Agreement (the "Closing Date"), unless the parties mutually agree in writing to alter such period. In the event that the Aqua Proceeding as referenced in Article 10(e) is not successfully resolved in Seller's favor by September 30, 2007, the Buyer, in its sole discretion, can terminate this Agreement and the PA PUC Transfer Application without any liability to Seller.

7. CUSTOMER LIST.

Also included in this transaction is a list of water customers for the System, as set forth on Schedule F-1 the Washington Park Division, Wyoming County and on Schedule F-2, the Sleepy Hollow Division, Kingston Township, Luzerne County.

The list is composed of 180 residential customers, more or less.

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8. REPRESENTATIONS, WARRANTIES, COVENANTS, and AGREEMENTS OF SELLER.

Seller hereby represents and warrants to, and covenants and agrees with, Purchaser as follows:

8.1 Organization, Standing and Authority of Seller. Seller is a corporation duly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Seller has full power and authority to carry out and perform its undertakings and obligations as provided herein. The execution and delivery by Seller of this Agreement, and the consummation of the transactions contemplated by this Agreement:

- (a) have been duly authorized by all proper or requisite proceedings of Seller and will not conflict with any law, including without limitations any local law, ordinance or resolution;
- (b) do not and will not conflict with or constitute a breach of, or a default under, or result in a violation of, any agreement or other instrument to which Seller is a party or by which the Seller or the System or any of the Assets are bound; and
- (c) Seller shall provide appropriate Corporation Resolution from Seller's Board of Directors and Shareholders authorizing the sale of the Assets, in form acceptable to Purchaser prior to Closing Date.

8.2 Title to Assets. Seller is the sole owner of, and has good and marketable title to, the Assets, free and clear of any and all claims, liens, encumbrances or liabilities of every nature and on the Closing Date, Seller will transfer good and marketable title to the Assets to Purchaser, free and clear of any and all claims, liens, encumbrances, equities, or liabilities of every nature. Seller agrees to execute appropriate standard affidavits as may be required for Purchaser's title insurance and any other documents necessary for the closing of this transaction, including an affidavit as to any debts of or relating to the Assets that are being purchased by Seller at the time of Closing.

8.3 Litigation. Other than as set forth on Schedule G annexed hereto, there are no judgments, liens, actions, proceedings, or litigation pending or threatened against Seller with respect to the System anywhere, or against the

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Assets, and Seller does not know of, or have reasonable grounds to know of, any basis for same. There is no action, proceeding, or investigation pending or, to the knowledge of Seller, threatened before any court or other governmental body or instrumentality seeking to restrain or otherwise challenge the transactions contemplated by this Agreement or wherein an unfavorable judgment, decree or order could restrain, prohibit, rescind, or declare unlawful, or could result in substantial damages in respect of this Agreement or the performance hereof.

8.4 Compliance with Law. Seller is unaware of any violations of any law, rule, regulation, ordinance or resolution of any kind, including, but not limited to, those involving non-compliance or alleged non-compliance with any applicable air, water, including water quality testing, or noise pollution standards, or any occupational safety and health standards under the Occupational Safety Health Act of 1970 including any amendments thereto, the Pennsylvania Safe Drinking Water Act, 35 P.S. §721.1-721.17 including any amendments thereto or other applicable laws or regulations pending, claimed, or threatened against the Assets or with respect to the System.

8.5 Condition of Real Property. That the Premises being transferred to Purchaser is not in violation of any applicable laws, regulations, ordinances, local laws, resolutions, restrictions, and requirements of any governmental authorities having jurisdiction thereof, including without limitation, those pertaining to zoning, subdivision, building, safety, fire, health, and the environment.

Seller represents that all parts of the System, including well, pump house, and appurtenances, is situated upon real property owned by Seller or is equitably owned by Seller pursuant to an Agreement of Sale, dated December 12, 2006, between Seller, as Purchaser, and Joseph and Mary Elizabeth Lombardo, his wife, as Sellers, for Lot No. 14 in Sleepy Hollow, Kingston Township, Luzerne County, containing ¼ acre of land upon which a well, pump house and storage facilities are constructed. Further,

Seller possesses all easements necessary for its current access to the well, pump house, and appurtenances.

8.6 As to Real Estate Conveyed: That there are no community or association dues, nor does the property lie within any special tax district in which taxes or assessments are levied separate and distinct from municipal taxes.

8.7 Compliance with Environmental Requirements. There is no

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ground water, surface water, or soil contamination on the Premises or elsewhere caused by any substance which was released or which migrated from the Premises which would or could necessitate taking remedial or protective action or that does or could cause harm to persons, property, or the environment; and there are no enforcement actions or any investigations pending by any federal, state, or local governmental agency or any pending claims or complaints by any private third parties regarding spills, leaks, or losses of hazardous wastes, hazardous substances, or hazardous materials on the Premises. No hazardous wastes, hazardous substances, hazardous materials, oil, or petroleum products or other materials which may pose a risk to human health or the environment (collectively, "Risk Substances") are being generated, used, stored, treated, or otherwise managed at or are located (or are being, are intended to be, or are threatened to be spilled, released, discharged, disposed, placed, or otherwise caused to become located) in, on, under, or upon any of the Premises or the structures thereon. For purposes of this Agreement, "hazardous wastes," "hazardous substances," "hazardous materials," "oil," and "petroleum products" shall have the meanings set forth in the Federal Resource Conservation and Recovery Act, the Federal Comprehensive Environmental Response Compensation and Liability Act, the Federal Hazardous Materials Transportation Act, the Federal Clean Water Act, and corresponding State and local laws and ordinances, as such acts, laws, or ordinances are currently in effect, or from time to time amended, or as defined in any federal, state, or local regulation currently in effect, or from time to time amended, adopted under such acts, laws, or ordinances; and the term "hazardous waste" shall include, without limiting the generality of the foregoing, polychlorinated biphenyl ("PCBs"), chemicals covered by one or more provisions of the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Sections 11001-11050, and its implementing regulations, and substances or materials which would constitute the basis for the necessity of taking remedial or protective action. There is no asbestos anywhere on, in or under the Premises; and in any event, there is no asbestos located on the Premises with respect to which removal, encapsulation, or other preventative action is required by any law, rule, or regulation. There are no devices of any kind or description on the Premises which contain a PCB concentration of fifty parts per million or greater.

Without limiting the foregoing, Seller has no liability (contingent or otherwise) under, and is presently in compliance with, all federal, state, and local environmental laws, regulations, rules, ordinances, resolutions, and other requirements currently in effect, including, but not limited to, all laws, regulations, rules, ordinances, and other requirements relating to the storage, emission, disposal, spilling, release, discharge, management, control, and reporting of pollutants, contaminants, hazardous wastes, hazardous materials, hazardous substances, oil, and petroleum products, and other materials which

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may pose a risk to human health or the environment except for the actions set forth in Article 1.3(d) above.

Except as set forth in Article 1.3(d) above, no circumstances exist to support any, and Seller has not received, and has no reason to believe it will receive any:

- (1) Notice of violation of any federal, state, or local environmental law, regulation, ordinance, or other requirement currently in effect or which Seller knows will be put into effect or which Seller believes is likely to be put into effect; or
- (2) Notice of any suit, action, claim, liability (contingent or otherwise), of legal, administrative, or other proceeding concerning environmental conditions or matters, including, but expressly not limited to, notice of responsibility under the Federal Comprehensive Environmental Response Compensation and Liability Act or any similar state or local law, regulation, or ordinance.

8.8 Environmental Inspection.

(1) Purchaser may engage a qualified firm of its choosing to perform a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of such portions of the Real Property as Purchaser elects. Copies of each such Environmental Survey shall be promptly provided by Purchaser to Seller. Purchaser shall satisfy itself that the Real Property being acquired is in compliance with all applicable Environmental Law and that Purchaser will have no material liability thereunder, and that there is no reasonable basis for the imposition of such liability in the future, due to the condition of the Real Property as of the Closing Date. Should contamination be found on the Real Property prior to the Closing Date, Seller shall have the right, but not the duty, to perform such clean up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean up and remediation, prior to the Closing Date, Purchaser may terminate this Agreement, and neither party shall have any liability to the other. The cost of

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the Environmental Surveys shall be paid by Purchaser.

(2) Purchaser may, at all times prior to the Closing, do such investigation, sampling, analysis and testing of the properties of the System as necessary to determine the condition of the soils, the presence of any material in those soils, including hazardous waste and substances, petroleum products or derivatives, and underground storage tanks, pipes, and other associated equipment, and to determine the hydrology of the area, the soil type and the species of vegetation present. If any hazardous waste or substance regulated pursuant to any Environmental Law, or underground storage tanks or pipes, are discovered on any of such properties, such that the owner of such property would be required under any Environmental Law to incur response or remedial costs, Purchaser shall have the right, at its option, to elect to terminate this Agreement.

(3) To perform the test inspections, investigations and analyses authorized in the preceding paragraph, Purchaser may enter and remove, disturb and/or destroy, or bore through, as much of the vegetation surface or surface of the properties of the System as Purchaser believes is necessary to perform those functions. Purchaser shall replace any fences removed, disturbed and/or destroyed as soon as possible following such entry. All such investigation shall be conducted at Purchaser's sole risk and expense.

8.9 Water Supply. The entire source of water for the System is currently obtained from the Assets being transferred.

8.10 Condition of System. The System, including without limitation the Facilities and appurtenances and improvements to the Premises, is in good working order and in conformity with all laws, regulations, rules, ordinances, and resolutions applicable to the System. The Purchaser states that it has conducted a review of the system and is familiar with the condition of the existing system as it has been represented to Purchaser by the Seller. The person responsible for daily operations of the System prior to Closing is Carl

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Kresge at phone number (570) 760-6348.

8.11 Use. The Premises complies with all present zoning requirements, and upon conveyance to Purchaser will comply in all respects with all applicable zoning (or is an allowable use as a non-conforming use), subdivision, and building code requirements, or will be deemed a valid preexisting use, and no such requirement or other restriction or covenant precludes or impairs, or will preclude or impair upon conveyance to Purchaser, the use of the Premises as part of the System. Seller has not received any notice that the Premises fails to comply with any applicable zoning or other governmental requirement or other restriction or covenant.

8.12 Access to Premises. There are no impediments to the free access to, and the egress from, the Premises by means of foot, auto or truck now or upon conveyance of the Premises to Purchaser. There is no plan, study, or effort by any governmental authority, or any non-governmental person or agency, which may adversely affect the current or planned use of the Premises. There is no existing, proposed, or contemplated plan to modify or realign any street or highway, or any existing, proposed, or contemplated condemnation or eminent domain proceeding, that would result in the taking of all or any part of the Premises or that would adversely affect the current or planned use of the Premises by the Seller.

8.13 Leases. Seller has not subjected the Premises or any portion thereof to any lease, sublease, tenancy, concession, license, occupancy agreement, or similar right and has not entered into, and shall not enter into, any agreement to do any of the above except as specified in Article 8.5 above. Seller has no outstanding management agreements or otherwise for the water system, that would be breached by a sale of the assets of the System.

8.14 Customer List. Prior to the Closing Date, Seller shall supply to Purchaser the names and addresses of the System's customers. Such Customer List shall be substantially complete, true and correct in all material respects. Within five days following the Closing Date, Seller shall furnish to Purchaser complete customer history files and customer complaint files. On the Closing Date, Seller shall provide to Purchaser a list of any customers who, as of the Closing Date, are more than ninety (90) days past due in the payment for water service.

The Purchaser shall be entitled to receive all of the customer charges and rates for service provided from and including Closing Date. The Purchaser has no obligation to collect past due utility bills from customers, but in the event said charges are collected, Purchaser shall, after deduction for

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collection and administration charges, forward same to Seller within a period of one (1) year from Closing Date.

8.15 Material Adverse Change. There has not been a material adverse change in the Assets or the condition (financial or otherwise), business, properties, affairs, prospects, or results of operations of the System since February 10, 2007 and there will be no adverse material change until the Closing Date. All changes to the System which Seller desires to make or must make in accordance with any PUC Orders, e.g. installation of meters, etc., must be approved by Purchaser.

8.16 Sufficiency of Assets. The Assets conveyed to Purchaser pursuant to this Agreement constitute all of the assets owned or held for use by Seller with respect to the System, and the Assets conveyed hereunder constitute all of the assets needed by Purchaser to operate the System (including any necessary sanitary easements) as the System was operated by Seller immediately prior to the Closing Date.

8.17 Insurance Policies. Until the Closing Date, Seller shall maintain in effect all insurance and reinsurance, surety, bonding, or indemnity policies, binders, or contracts ("Insurance Policies") relating to the System and the Assets in force as of the date hereof, naming Seller as an insured or beneficiary or as a loss-payable payee or for which Seller has paid, or is obligated to pay, all or part of the premiums. Seller has not received express notice of any pending or threatened termination or retroactive premium increase with respect thereto, and Seller is in compliance with all of the conditions contained in the Insurance Policies, the non-compliance with which could result in termination of insurance coverage or increased premiums for prior or future periods. There are no pending material claims against such insurance by Seller as to which insurers have denied liability. There exists no material claim under such insurance that has not been properly reported to the insurer by Seller. Seller shall maintain each of the Insurance Policies in full force and effect until the Closing Date.

8.18 Untrue or Omitted Facts. No representation, warranty, or statement by Seller in this Agreement, nor any document, instrument, schedule, statement, or certificate furnished to Purchaser pursuant hereto, contains any untrue statement of a material fact or omits to state a fact necessary in order to make such representations, warranties, or statements not materially misleading. There is no fact known to Seller that has had, or which may be reasonably expected to have, a materially adverse effect on the System or the Assets or that has not been disclosed in writing to Purchaser. Except for estimates pertaining to the present worth of the System or the Assets, the written materials provided

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by Seller to Purchaser prior to the date hereof with respect to the System and the Assets were accurate in all material respects as of the dates specified and for the periods specified therein.

8.19 DEP and the Environmental Quality Board Approvals and Permits. Seller represents that it has the required approvals and permits from the Commonwealth of Pennsylvania Department of Environmental Protection ("DEP") and the Environment Quality Board ("EQB") to operate the System as a public water system having DEP Operational Permit No.4095507 (Well Number 1 Sleepy Hollow) and the following DEP Operational Permits in the Washington Park System: 6671501 (Well Number 1); 6671501 (Well Number 1); 6691505 (Well Number 2); 6694502 (Well Number 3), ("Permits") copies of which are attached hereto as Schedule H, that there are no outstanding water quality testing violations, that the System meets all regulatory water quality testing including secondary standards for manganese and iron and that Seller will assist Purchaser in obtaining such approvals and permits as Purchaser shall need to acquire and operate the System, including but not limited to an application to DEP for the transfer of the Permits pursuant to §7 of the Act, 35 P.S. §721.7(i),

Seller represents it has not received any notifications, from the DEP or EQB regarding the System, nor has the Seller received any water quality tests for its supply showing any elevated level above the standards established by the DEP and EQB including the level of sodium chloride, nor has the Seller in the last twelve (12) months been required by DPH to issue boil notices or notices of violation of regulations to its customers.

The Seller represents it has complied with all regulatory water quality testing requirements required by the Act, 35 P.S. §721.1 et seq., and the Rules and Regulations adopted by the DEP and EQB.

The Seller represents it has all necessary permits for its wells required by the Act, 35 P.S. §721.1 et seq., and that the sanitary radius by easement or fee around the System wells comply with the Act,

8.20 Employees. The Seller does not have any employees and there are no "Employee Benefit Plans" (as such term is defined in §3(3) of ERISA) effecting any of the employees or former employees of Seller, that there are no collective bargaining agreements and that any individual working for the Seller is not a party to any employment or similar agreement, whether written or oral, that would prohibit the Purchaser from immediately terminating such individual;

8.21 Regulatory Filings. Seller will be solely responsible for filing

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any and all regulatory filings with the PUC, DEP, the EQB or any other regulatory agency board of commission which must be filed and that the CCR filings which are due by June, 2007 for the year 2006 will be timely filed by Seller as will all interim filings for the year 2007 up through the Closing Date.

8.21 Foreign Persons. That Seller is not a "foreign person" within the meaning of Sec. 1445 of the United States Internal Revenue Code and that Seller's U.S. Taxpayer ID# has been provided by separate correspondence.

9. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser hereby represents and warrants to Seller that Purchaser is a valid Pennsylvania corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder. This Agreement has been duly and effectively executed and delivered by Purchaser and constitutes a valid and binding agreement of Purchaser enforceable against Purchaser in accordance with its terms.

10. CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER.

The obligations of Purchaser under this Agreement are subject in the discretion of Purchaser, to the satisfaction, at or prior to the date of closing, of each of the following conditions:

- (a) Accuracy of Representations and Warranties. The representations and warranties of Seller herein contained in this Agreement shall be true on the date hereof and shall also be true on and as of the date of Closing with the same force and effect as though made on and as of the date of Closing.
- (b) Performance of Agreements. Seller shall have performed or caused to be performed all obligations and agreements and complied or caused to be complied with all covenants and conditions contained in this Agreement to be performed or complied with by it at or prior to the date of closing.
- (c) Acquisition of Real Property. Seller has acquired or will be able to provide at the closing, any and all (:) easements and real property necessary to permit a right of access over

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private property for the purposes of maintenance and repair of System components being conveyed herein and any and (ii) all real property necessary for the continued functioning of the System.

- (d) Approvals. Purchaser and Seller shall have received all required approvals, consents, permits and authorizations of governmental authorities necessary to consummate the transactions, without material change, contemplated by this Agreement on financial terms acceptable to Purchaser, and, in its sole and absolute discretion, without limiting the foregoing, all such approvals, consents, permits, and authorizations shall be final and not materially inconsistent with the provisions set forth in this Agreement.
- (e) Saddle Ridge. This Agreement is contingent upon the Seller being able to deliver the entire territories as set forth in its Certificates of Public Convenience and Necessity issued by the PUC A213520, Schedule E, which will require the dismissal of the application of Aqua Pennsylvania, Inc. ("Aqua") to provide water service to an area know as Saddle Ridge in Dallas Township, Luzerne County, Pennsylvania as filed before the Pennsylvania Public Utility Commission In Re: Application Aqua, Docket Number A-210104F0074 ("Aqua Proceeding"). Upon the filing of the Application to Abandon and Acquire with the PUC the Purchaser will file a Petition to Intervene in this proceeding in order to assist the Seller in having the application of Aqua denied. In the event that there is a final non-appealable Order approving the application of Aqua to provide water service to Saddle Ridge, the Purchaser shall have the absolute right to terminate this Agreement without any liability to the Seller.
- (f) This Agreement must be approved by the Board of Directors of Purchaser.
- (g) Due Diligence, Purchaser and seller agree that (a) until 45 days following the date of this Agreement (the "Due Diligence Termination Date"), Sellers and Purchaser shall cooperate to permit Purchaser to, and Purchaser shall, conduct confirmatory business and legal due diligence with respect to the business, assets (including, but not limited to, all Permits and Contracts) and liabilities of Company, (b) if

J:\C\Data\Agreements\Joint Agreement of Sale (Clean Copy)

Purchaser reasonably believes that any information it becomes aware of (whether disclosed before or after the date of this Agreement) could reasonably be expected to have a Company Material Adverse Effect, then Purchaser shall have the right to provide written notice (the "Due Diligence Out Notice") to seller at any time prior to the Due Diligence Termination Date, that sets forth that Purchaser has determined not to, and shall not, purchase the Assets, and (c) that in the event that Purchaser provides Seller with the Due Diligence Out Notice, then this Agreement shall terminate in accordance with the provisions set forth in Section 10(e).

11. BULK SALES COMPLIANCE.

The Seller will strictly comply with the requirements of the Pennsylvania Bulk Sales Act, 72 P.S. §1403 and provide Purchaser with a Corporate Clearance Certificate, post Closing, from the Pennsylvania Department of Revenue that all of Seller's State taxes are paid. Prior to Closing, Seller will provide Purchaser a Certificate of Good Standing issued by the Pennsylvania Department of Revenue Seller shall also provide a statement from Seller's Certified Public Accountant that all federal, state and local taxes imposed by any governmental entity and all reports to the PUC have been filed, all taxes and assessments have been paid and that there are no outstanding obligations by Seller to any taxing agency or governmental commission that remain unpaid or that are under review. To assure payment of any outstanding tax obligations until a Corporate Clearance Certificate is issued by the Commonwealth of Pennsylvania Department of Revenue, the Seller authorizes the Purchaser to deduct at Closing the sum of Twenty Five Thousand (\$25,000.00) to be held in escrow in the IOLTA Escrow Account of Hughes, Nicholls & O'Hara. Seller authorizes the Purchaser to pay any outstanding taxes due and owing to any taxing agency from the IOLTA escrow account of Hughes, Nicholls & O'Hara.

12. INDEMNIFICATION.

- (a) Seller's Indemnification: Prior Claims, Debts, and Liabilities.
Seller agrees to defend, indemnify and hold Purchaser harmless from all such claims, debts, and liabilities accrued prior to the closing date or arising from the operation of the System during the time the Seller owned and operated same. Seller will wholly and fully indemnify Purchaser against any and all claims made by creditors of the Seller

J:\C\Data\Agreements\United Agreement of Sale (Clean Copy)

which exist or which have accrued as of the closing date or are attributable to Seller's operation of the business prior to the closing date. In the defense of any claim, Seller retains the right, at its sole cost and expense and where reasonable, to dispute, litigate or arbitrate the claim and to appeal any adverse decision resulting therefrom.

- (b) Seller's Indemnification: Agreement Representations or Warranties. The Seller agrees to indemnify and hold the Purchaser and its officers, directors and agents harmless from damages, losses or expenses (including, without limitation, reasonable counsel fees and expenses), suffered or paid, directly or indirectly, as a result of or arising out of the failure of any representation or warranty made by the Seller in this Agreement or in any Schedule attached hereto to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.
- (c) Purchaser's Indemnification: The Purchaser agrees to indemnify and hold the Seller harmless from damages, losses or expenses (including, without limitation, reasonable counsel fees and expenses), in the aggregate, suffered or paid, directly or indirectly, as a result of or arising out of the failure of any representation or warranty made by the Purchaser in this Agreement to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.

13. TERMINATION OF AGREEMENT

- (a) This Agreement may be terminated: (i) by mutual written consent of the parties, (ii) by any party if the transactions contemplated hereby have not closed by September 30, 2007, through no fault of the party seeking termination, or (iii) as provided in paragraphs b and c below.
- (b) Purchaser may terminate this agreement, in its sole discretion, upon the occurrence of any of the following:
1. The (i) failure of Seller to satisfy, in any material respect, prior to September 30, 2007, its condition(s) precedent to Closing set forth herein or (ii) failure of the conditions described in Articles 8 and 10 hereto.

J:\CData\Agreements\United Agreement of Sale (Clean Copy)

2. Any material breach of this Agreement by Seller, including, but not limited to, a material breach of any representation or warranty, if Seller has not cured such breach within 30 days after notice from Purchaser, provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser, or waived by Purchaser.
- (c) Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
1. The (i) failure of Purchaser to satisfy, in any material respect, its conditions precedent to Closing, or (ii) failure of the conditions specified in Article 1 and Article 10 hereof.
 2. Any material breach of this Agreement by Purchaser, including, but not limited to, a material breach of any representation or warranty, if Purchaser has not cured such breach within 30 days after notice from Seller, provided, however, such breach must in any event be cured prior to the Closing date unless the date for cure has been extended by Seller, or waived by Seller.
- (d) Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination to the other by delivering the same as provided in Article 18.
- (e) Upon the termination of this Agreement, the following shall occur:
1. Each party shall return all documents, including copies, in its possession, or in the possession of its agents and consultants to the other, as the case may be. Each party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information.
 2. Neither party shall have any liability to the other for any damages, costs, expenses or attorney's fees.

J:\CData\Agreements\United Agreement of Sale (Clean Copy)

14. MISCELLANEOUS

14.1 Entire Agreement. This Agreement contains the entire agreement and understanding among the parties with respect to the subject matter hereof and shall be deemed to supersede and cancel all other agreements and understandings, written or oral, relating to the transactions contemplated by this Agreement. No amendment or modification to this Agreement shall be valid unless made in writing and signed by the parties hereto.

The following Schedules attached to this Agreement are incorporated herein for all purposes, shall be considered a part of this Agreement and shall be in a form acceptable to both parties in their sole discretion at the time of Closing.

	Schedule A-1-	Bill of Sale Sleepy Hollow
	Schedule A-2-	Bill of Sale Washington Park
	Schedule B -	List of Real Estate and Easements with any outstanding encumbrances
	Schedule C -	Recorded Map for Water Lines
Schedule D	Maps under ACT	
	Schedule E -	PUC Certificates
	Schedule F-1-	Customers List - Washington Park
	Schedule F-2 -	Customer List - Sleepy Hollow
	Schedule G -	List of Outstanding Litigation

14.2. Captions. The headings used herein are inserted solely for convenience and shall be disregarded in interpreting the provisions hereof. The word "Agreement" refers to the body of this Agreement, all attached Schedules, and all documents and instruments delivered in connection with the purchase and sale of the System and Assets.

14.3 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail return receipt requested, postage prepaid:

- (a) If to Purchaser, to:
 John Hollenbach
 United Water Pennsylvania Inc.
 4211 East Park Circle
 Harrisburg, PA 17111

J.C/Data/Agreements/United Agreement of Sale (Clean Copy)

With Copies to:

W. Boyd Hughes, Esquire
1421 E. Drinker Street
Dunmore, PA 18512

and

United Water Management & Services, Inc.
200 Old Hook Road
Harrington Park, NJ 07640
ATTN: Legal Department

(b) If to Seller, to:
Carl Kresge
W. P. Water Company, Inc.
1119 Laurel Run Road
Wilkes-Barre, PA 18702

With Copy to:

Ernest D. Preate, Jr., Esquire
Mellon Bank Building
400 Spruce Street, Suite 300
Scranton, PA 18503

14.5 Legal Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

14.6 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

14.7 No Broker. Each party represents and warrants that no broker or finder has acted in its behalf in connection with this Agreement.

14.8 Additional Acts and Documents. In connection with the transactions contemplated by this Agreement, the parties hereto agree to execute such additional acts and things as may be reasonably necessary and proper to effectuate and carry out the transactions contemplated by this Agreement.

14.9 Waiver. No delay or omission on the part of either party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right on any future occasion.

14.10 Third-Party Beneficiaries. Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or in behalf of any person other than the parties hereto.

14.11 Assignment. Seller shall not assign all or any part of its interest in this Agreement without the prior written consent of Purchaser, and any permitted assignment shall not relieve Seller of any of its liabilities or obligations under this Agreement.

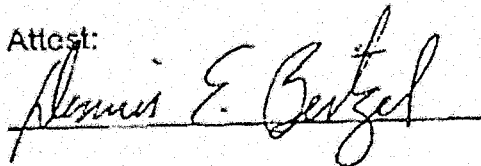
14.12 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

14.13 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants made by Seller and Purchaser herein shall survive the Closing.

IN WITNESS WHEREOF, the parties have hereunto caused, this Agreement to be executed this 14th day of February, 2007.


Signed, Sealed and Delivered
in the presence of:

Attest:



PURCHASER

UNITED WATER PENNSYLVANIA INC.

By: 

JOHN HOLLENBACH, VICE

PRESIDENT

AND
GENERAL

MANAGER

SELLER

W.P. WATER COMPANY, INC.

Attest:

By: _____

Secretary

CARL K. KRESGE, PRESIDENT

W.P. WATER COMPANY, INC. d/b/a
WASHINGTON PARK WATER
COMPANY

Attest:

By: _____

Secretary

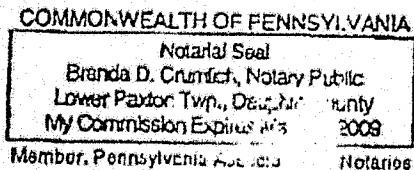
CARL K. KRESGE, PRESIDENT

2007/11/16 15:36
SECRETARY'S BUREAU

STATE OF Pennsylvania)
COUNTY OF Dauphin)

On this, the 14th day of February, 2007, before me a Notary Public the undersigned Officer, personally appeared John D. Hollenbach, who acknowledged himself to be the Vice President of United Water Pennsylvania Inc., and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein continued by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Brenda D. Crumlich Notary Public
TITLE OF OFFICER

COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF LACKAWANNA)

On this, the ___ day of February, 2007, before me a Notary Public the undersigned Officer, personally appeared Carl K. Kresge, who acknowledged himself to be the President of W. P. Water Company, Inc., and President of W.P. Water Company, Inc., d/b/a/ Washington Park Water Company and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein continued by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

TITLE OF OFFICER

RECEIVED
2007 APR -9 11:19:55
SECRETARY'S OFFICE

THE LAW OFFICE
OF
ATTORNEY ERNEST D. PREATE, JR.

MELLON BANK BUILDING
400 SPRUCE STREET SUITE 300
SCRANTON, PA 18503
(570) 558-5970
(570) 558-5973 FACSIMILE
edpreate@adelphia.net

SUCCESSOR TO
J. JULIUS LEVY (1924-1978)
ERNEST D. PREATE, SR. (1934-1995)
ROBERT A. PREATE (1969-2002)

ERNEST D. PREATE, JR.

April 6, 2007

ORIGINAL

James J. McNulty,
Secretary
PA Public Utility Commission
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

In re: Kathleen Sylvester, William Finkler, & James Pugh,
Complainants vs. W. P. Water Company & W. P. Sanitary Company,
Respondents
Docket Nos. C20055453, C20055473, C20065849,
C20055455, ~~C20055473~~, C20065850

Dear Mr. McNulty:

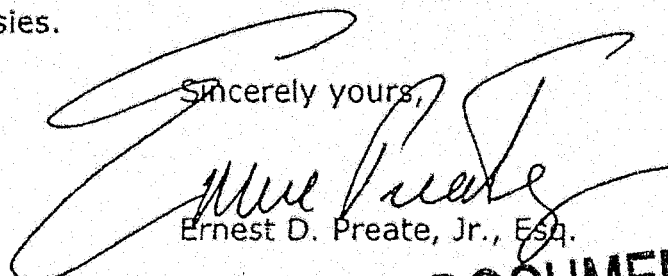
Enclosed please find an original and one copy of the Respondents
Supplemental Answer to the February 14, 2007 Interim Order of Administrative
Law Judge Ember S. Janderbeur in the above captioned case.

This copy of W. P. Water Company's annual report for 2006 pertains only to
the proceeding pending before Administrative Law Judge Janderbeur pending in
the above referenced action. Under separate cover on this date, I will be mailing
copies of W. P. Water Company's Annual Report for 2006 for official filing with the
PUC.

A true and correct copy of the Respondents filing in the Jandebeur action
has been mailed to the parties as evidenced by the attached certificate of service.

Thank you for your courtesies.

Sincerely yours,



Ernest D. Preate, Jr., Esq.

DOCUMENT
FOLDER

EDPJr/rjw
Enclosure
cc: parties of record
Carl K. Kresge

43

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Office of the Administrative Law Judge
Administrative Hearing
Ember S. Jandebaur
Presiding Officer

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SECRETARY'S OFFICE

Kathleen Sylvester,	:	Docket Nos.
	:	
William J. Finkler,	:	C20055453
	:	C20055473
James Pugh,	:	C20065849
Complainants	:	C20055455
	:	C20055473
vs.	:	C20065850
	:	
W. P. Water Company &	:	
W. P. Sanitary Company,	:	
Respondents	:	

CERTIFICATE OF SERVICE

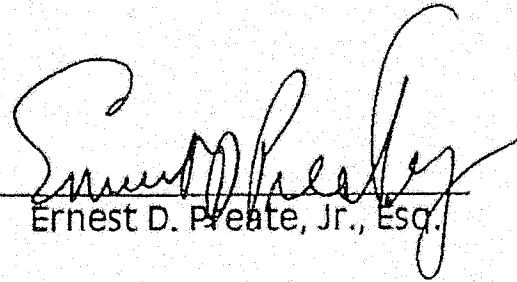
I, Ernest D. Preate, Jr., Esq. do hereby certify that on this 6th day of April, 2007, a true and correct copy of the attached Respondents Supplemental Answer to the February 14, 2007 Order of Administrative Law Judge Ember S. Jandebaur was served upon the following named parties by First Class U. S. Mail.

Christine M. Hoover, Esquire
Erin L. Gannon, Esquire
Office of the Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923

Rhonda L. Daviston, Esquire
Law Bureau Prosecutory Staff
PA Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

Honorable Ember S. Jandebaur
Administrative Law Judge
PA Public Utility Commission
Room 317 Scranton State Office Building
100 Lackawanna Avenue
Scranton, PA 18503

BY:



Ernest D. Preate, Jr., Esq.

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

DOCKETED
APR 20 2007

Office of the Administrative Law Judge
Administrative Hearing
Ember S. Jandebaur
Presiding Officer

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COMMONWEALTH OF PENNSYLVANIA

Kathleen Sylvester,	:	Docket Nos.
	:	
William J. Finkler,	:	C20055453
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Complainants	:	C20055455
	:	C20055473
vs.	:	C20065850
	:	
W. P. Water Company &	:	
W. P. Sanitary Company,	:	
Respondents	:	

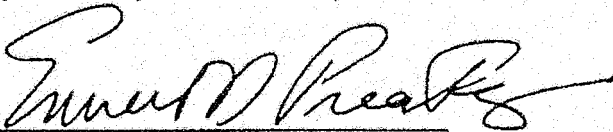
ORIGINAL
DOCUMENT FOLDER

RESPONDENTS SUPPLEMENTAL ANSWER TO ORDER OF
ADMINISTRATIVE LAW JUDGE EMBER S. JANDEBEUR
DATED FEBRUARY 14, 2007

NOW COMES, W. P. Water Company & W. P. Sanitary Company, Respondents, by and through their attorneys, Ernest D. Preate, Jr., Esquire and Kieran M. Casey, Esquire, and hereby files this Supplemental Answer and submits the attached Information as directed in the Administrative Law Judge's February 14, 2007 Interim Order, Reopening the Record in the above referenced matter, and states as follows:

1 through 12: Attached hereto is the verified copy of the PUC Annual Report of W. P. Water Company to the Pennsylvania Public Utility Commission for the year ended December 31, 2006.

Respectfully submitted,

By: 

Ernest D. Preate, Jr., Esq.
Counsel for W. P. Water Company, Inc.
& W. P. Sanitary Company, Inc.
Respondents

400 Spruce Street—Suite 300
Scranton, PA 18503

By: Kieran M. Casey, Esq.
Co-Counsel for Respondents

Borland & Borland
69 Public Square—Suite 110
Wilkes-Barre, PA 18701

Dated: April 6 2007

THE LAW OFFICE
OF
ATTORNEY ERNEST D. PREATE, JR.

MELLON BANK BUILDING
400 SPRUCE STREET SUITE 300
SCRANTON, PA 18503
(570) 558-5970
(570) 558-5973 FACSIMILE
edpreate@adelphia.net
April 6, 2007

ERNEST D. PREATE, JR.

SUCCESSOR TO
J JULIUS LEVY (1924-1978)
ERNEST D. PREATE, SR. (1934-1995)
ROBERT A. PREATE (1969-2002)

James J. McNulty,
Secretary
PA Public Utility Commission
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

In re: PUC Annual Report of W. P. Water Company, Inc.
To the Pennsylvania Public Utility Commission
for the year ended December 31, 2006

Dear Mr. McNulty:

Enclosed please find an original and three verified (3) copies of W. P. Water Company, Inc.'s Annual Report for the year ended December 31, 2006.

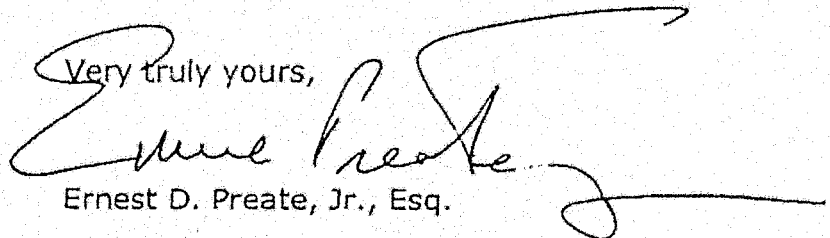
I regret that copies of W. P. Sanitary Company, Inc's 2006 annual report are not available for filing at this time. The accounting office preparing the W. P. Sanitary Company annual report was unable to have it completed at the same time as the W. P. Water Company's report for two reasons:

One, the very recent death of the father of the CPA preparer, Philip Reid of Coach, Kopko, Shorts & Reid in Kingston. Mr. Reid, who has prepared the annual reports for many years was understandably unable to complete this report under the circumstances. The second reason is the fact that the accounting office of Mr. Reid is overwhelmed by the demands of tax season and the IRS filings of other individual and business clients.

Therefore, the W. P. Sanitary Company, Inc. 2006 annual report will be mailed to the PUC immediately upon completion and receipt by the company and the undersigned.

Thank you for your courtesies.

Very truly yours,


Ernest D. Preate, Jr., Esq.

EDPJr/rjw
Enclosure
cc: Carl K. Kresge,

SECRET
2007 APR -9 AM 10:56
INDEX

CLASS "C" WATER COMPANY
PUC ANNUAL REPORT
OF

Utility Code
Class C

Company:

W.P. Water Company, Inc.

Address:

1199 Laurel Run Rd, Wilkes-Barre, PA 18702
Address City State Zip

TO THE
PENNSYLVANIA
PUBLIC UTILITY COMMISSION

For the Year Ended December 31, 2006

Telephone Number 570-472-3808

Fax Number 570-472-9501

E-Mail _____

Officer to whom correspondence
concerning this report should be addressed:

Carl K Kresge
First Name Last Name

President

Title

1199 Laurel Run Rd, Wilkes-Barre, PA 18702
Address City State Zip

SECRETARY OF STATE

2007 APR -9 11:10:59

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GENERAL INSTRUCTIONS

1. Two copies of this report shall be prepared by each water utility. One copy should be mailed to the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265 by April 30 of the year following the calendar year. The other copy should be retained by the Company for reference. Companies may file this report in an electronic format supplied by the Commission along with a hard copy. All water utilities are required by statute to complete and file this annual report.
2. Pencil entries will not be permitted on hard copy.
3. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in the N.A.R.U.C. Systems of Accounts. The N.A.R.U.C. System of Accounts defines Class C companies as those with annual revenues of \$200,000 or less.
4. Standard accounting procedures shall apply in determining the nature of any entry (e.g. entries of a reverse or contrary character shall be indicated by a parentheses around the number).
5. The report shall be filed using data on a calendar year basis.
6. If this report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
7. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answers shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. Where information called for herein is not given, state fully the reason for its omission.
8. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.

GENERAL INSTRUCTIONS

(Continued)

9. Whenever schedules require a comparison of figures of the previous year, the figures reported must be based upon those shown in the annual report of the previous year or an appropriate explanation should be given why different figures were used.
10. One copy of the respondent's latest annual report, if issued, should be submitted with this report. If respondent is a member of a group, both parent and subsidiary's annual report should be submitted.
11. Throughout this report money items should be rounded off to the nearest dollar.
12. In the space provided at the top of each page insert the name of the utility and the year to which this report relates.

EXCERPT FROM TITLE 66, THE PUBLIC UTILITY CODE, APPROVED JULY 1, 1978

SECTION 504. Reports by Public Utilities

The Commission may require any public utility to file periodical reports at such times, and in such form, and of such content, as the Commission may prescribe; and special reports concerning any matter whatsoever about which the Commission is authorized to inquire, or to keep itself informed, or which it is required to enforce. The Commission may require any public utility to file a copy of any report filed by such public utility with any Federal department or regulatory body. All reports shall be completed under oath or affirmation when required by the Commission.

SECTION 3301. Civil Penalties for Violations

(a) **General rule.** -- If any public utility, ...shall fail, omit, neglect, or refuse to perform any duty enjoined upon it by this part; or shall fail, omit, neglect or refuse to obey, observe, and comply with any regulation or final direction, requirement, determination or order made by the Commission, ...such public utility, person or corporation for such violation, omission, failure, neglect, or refusal, shall forfeit and pay to the Commonwealth a sum not exceeding \$1,000, to be recovered by an action of assumpsit instituted in the name of the of Commonwealth. In construing and enforcing the provisions of this section, the violation, omission, failure, neglect, or refusal of any officer, agent, or employee acting for, or employed by, any such public utility, person or corporation shall, in every case be deemed to be in violation, omission, failure, neglect, or refusal of such public utility, person or corporation.

(b) **Continuing offenses.** -- Each and every day's continuance in the violation of any regulation or final direction, requirement, determination, or order of the Commission, shall be a separate and distinct offense.

(Company Name)

GENERAL INFORMATION

1. Name and title of officer having custody of the general books of account and address of the office where such books are kept.

Carl K Kresge, President
977 Laurel Run Road
Wilkes Barre, PA 18702

2. Name of State under the laws of which respondent is incorporated and the date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization structure and date organized

Pennsylvania
7/17/1970

3. If at any time during the year the property of respondent was held by a receiver or trustee, give: (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created and, (d) date when possession by receiver or trustee ceased.

N/A

4. State the classes of utility and other services furnished by respondent during the year in each state that the respondent operated.

Water class C

IMPORTANT CHANGES DURING THE YEAR

Provide on the following page written responses for each of the items listed below. Make the written statements explicit and precise, and number each statement in accordance with the inquiries. Each inquiry must be answered. However, if the word "none" states the fact, it may be used in answering any inquiry, or if information is given elsewhere in the report which answers any inquiry, reference to such other schedule will be sufficient.

1. Changes in, and additions to franchise rights; describing (a) the actual consideration given therefor, and (b) from whom acquired. If acquired without payment of any consideration, state that fact.
2. Acquisition of other companies, reorganization, merger or consolidation with other companies; give names of companies involved, particulars concerning the transactions, and reference to Commission authorization, including docket numbers
3. Purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, etc., specify items, parties, effective dates and also reference to Commission authorization, including docket numbers.
4. Important leaseholds acquired, given, assigned, or surrendered, effective dates, lengths of terms, names of parties, rents, Commission authorization, (docket numbers), if any, and other conditions.
5. Important extensions of service territories, including Commission authorization (docket numbers), giving location of the new service territory covered by distribution system, and dates of beginning operations. Give the number of customers by class, and for each class of customers the estimated annual revenues relating to the new territories.
6. Estimated increase or decrease in annual revenues due to important rate changes, (docket numbers), and the approximate extent to which such increase or decrease is reflected in revenues for the reporting year.
7. Important wage scale changes, showing dates of changes, effect on operating expenses for the year, and estimated annual effect of such wage scale changes on operating expenses.
8. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue, and giving Commission authorization, (docket number), if any.
9. Changes in articles of incorporation or amendments to charters; explain the nature and purpose of such changes or amendments. Note any filing with the Commission.
10. Other important changes not provided for elsewhere.

**WRITTEN RESPONSES FOR
IMPORTANT CHANGES DURING THE YEAR**

Provide written responses for each of the items listed on the previous page.

1. None
2. None
3. None
4. None
5. None
6. None
7. None
8. None
9. None
10. None

DEFINITIONS

"Accounts" means the accounts prescribed in the NARUC System of Accounts.

"Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

"Book Cost" means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

"Control" (including the terms; "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

"Cost" means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

"Debt Expense" means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

"Depreciation", as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

"Distribution Mains" means any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

DEFINITIONS (Continued)

"Investment Advances" means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

"Minor Items of Property" means the associated parts or items of which retirement units are composed.

"Net Salvage Value" means the salvage value of property retired less the cost of removal.

"Nominally Issued", as applied to securities issued or assumed by the utility means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

"Original Cost", as applied to utility plant, means the cost of such property to the person first devoting it to public service.

"Property Retired", as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

"Replacing or Replacement", when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

"Retained Earnings" means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

"Salvage Value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

"Straight-Line Remaining Life Method", as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. "Remaining Life" implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

DEFINITIONS (Continued)

"Supply Main" means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

"Transmission Main" means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

"Utility" as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.

Contributions - in - Aid - of Construction - This account shall include:

- A) 1. Any amount or item of money, services or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement or construction costs of the utility's property, facilities, or equipment used to provide utility service to the public.
2. Amounts transferred from account 252 - Advances for Construction, representing unrefunded balances of expired contracts or discounts resulting from termination of contracts in accordance with the Commission's rules and regulations.
3. Compensation received from governmental agencies and others for relocation of water mains or other plants.
4. Any amount of money received by a utility, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility and which is utilized to offset the federal, state, or local income tax effect of taxable contributions in aid of construction, taxable amounts transferred from account - 252 Advances for Construction, and taxable compensation received from governmental agencies and others for relocation of water mains or other plants shall be reflected in a sub-account of this account.

(Company Name)

DEFINITIONS (Continued)

"Contributions - in - Aid - of Construction - This account shall include:

B) The credits to this account shall not be transferred to any other account without the approval of the Commission.

C) The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others, and the amount applicable to each utility department.

Note--There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part.

(See account 252 - Advances for Construction).

100. VOTING POWERS and ELECTIONS

This schedule is to be completed only by publicly held Corporations. Subsidiaries that are 100% owned by others should not complete this schedule.

1. Has each share of stock the right to one vote? Yes/No
2. Are voting rights attached only to stock? Yes/No (If the answer to either query 1 or 2 is "No," give particulars.)
3. Give date of the latest closing of the stock book prior to end of year and state the purpose of such closing.
4. Is cumulative voting permitted? Yes/No
5. State the total number of Board or Directors meetings held during year.
6. State the date and place of the latest general meeting held prior to the end of the year for the election of directors.
7. State the total number of votes cast at the latest general meeting and the total number cast by proxy.
8. State the total number of voting security holders and the total of all voting securities as of December 31
9. If any security has preferences, special privileges, or restrictions in the election of directors, trustees or managers, or in the determination of any corporate action, give details.
10. State the number of votes controlled by management, other than officers of the Corporation.

101. SECURITY HOLDER INFORMATION AND VOTING POWERS

1 Report the requested information for each holder of one percent or more of the voting securities or, if there are fewer than ten such holders, the ten who hold the highest voting powers. Data should be the latest available at the end of the year. When the holder of record is a trustee, or other intermediate agency (except a corporation), the data should be reported opposite the names of the beneficial owners. Designated as such, under a general heading identifying the trustee or other agency. Securities with contingent voting rights may be disregarded.

2 Attach hereto a certified copy of every effective voting trust established and a certified copy of every other agreement (trustee or otherwise) under which voting securities are held for beneficial owners. If any such agreement has been filed with a previous report, reference to the earlier report will be sufficient, provided that changes or modification since previous filing are shown.

Line No	Name of Security Holder (a)	(b)	Street Address (c)	City (d)	State (e)	Z.p (f)	Voting Securities			Nonvoting Securities (See Instruction #2) Principal, Par Value or Stated Value (Specify issue - omit cents) (k)
							Total Votes (g)	Common Stock (h)	Preferred Stock (i)	
1	Sandra Kresge		977 Laurel Run Road	Wilkes-Barre	PA	18702	10	10		
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16	Total votes of all voting securities									
17	Total number of security holders									
18	Total votes of security holders listed above									

102. COMPANIES CONTROLLED BY RESPONDENT

Show below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year.

1. If control ceased prior to end of the year, give particulars in a footnote
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediates involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests

Line No	Name of Company Controlled (a)	Kind of Business (b)	Street Address (c)	City (d)	State (e)	Zip (f)	Voting % of Stock (g)	Footnote Ref. (h)
1	None							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								

FOOTNOTES:

1. Direct control is that which is exercised without interposition of an intermediary
2. Indirect control is that which is exercised without interposition of an intermediary which exercises direct control. Control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the NARUC System of Accounts, regardless of the relative voting rights of each party
3. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the NARUC System of Accounts, regardless of the relative voting rights of each party

103. DIRECTORS

1. Provide the following information on each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of respondent
2. Designate by an asterisk names of members of Executive Committee, and by double asterisk the Chairman of the Executive Committee.

Line No	Directors Name and Title (a)	Principal Business Address					Term Began (g)	Term Expires (h)	Meetings Attended (i)	Fees Paid (j)
		Street Address (b)	City (c)	State (d)	Zip (e)	Telephone (f)				
1	Carl K Kresge, President	977 Laurel Run Rd	Wilkes-Barre	PA	18702	570-472-3808	1/1/2007	12/31/2007		
2	Sandra Kresge, Secretary	977 Laurel Run Rd	Wilkes-Barre	PA	18702	570-472-3808	1/1/2007	12/31/2007		
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										

* Executive Committee
 ** Chairman of Executive Committee

104. OFFICERS

Line No.	Official Title & Name (a)	Street Address (b)	Principal Business Address					Telephone (f)	Fax (g)	Email (h)
			City (c)	State (d)	Zip (e)					
1	President									
2	Carl K Kresge	977 Laurel Run Road	Wilkes-Barre	PA	18702	570-472-3808	570-472-9501			
3	Vice-President									
4										
5	Secretary									
6	Sandra Kresge	977 Laurel Run Road	Wilkes-Barre	PA	18702	570-472-3808	570-472-9501			
7										
8	Treasurer									
9										
10	Assistant Treasurer									
11										
12	Comptroller									
13										
14										
15										
16	Auditor									
17										
18	Engineer									
19										
20										
21	General Manager									
22										
23										
24										

(Company Name)

**200. COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS**

Balances at Beginning of Year must be consistent with balances at end of previous year

Line No	Account Number and Title (a)	Schedule No (b)	Balance Beginning of Year (c)	Balance End of Year (d)	Increase/Decrease (e)
1	UTILITY PLANT		xxx	xxx	xxx
2	101 0 Utility Plant in Service	201	142,919	147,607	4,688
3	102 0 Utility Plant Leased To Others	202			
4	103 0 Property Held for Future Use	203			
5	104 0 Utility Plant Purchased or Sold				
6	105 0 Construction Work in Progress	204			
7	106 0 Completed Construction Not Classified				
8	Total Utility Plant		142,919	147,607	4,688
9	ACCUMULATED DEPRECIATION		xxx	xxx	xxx
10	108 1 Utility Plant in Service	205	80,961	83,022	2,061
11	108 2 Utility Plant Leased to Others	205			
12	108 3 Property Held for Future Use	205			
13	Total Accumulated Depreciation		80,961	83,022	2,061
14	ACCUMULATED AMORTIZATION		xxx	xxx	xxx
15	110 1 Utility Plant In Service				
16	110 2 Utility Plant Leased to Others				
17	Total Accumulated Amortization				
18	UTILITY PLANT ADJUSTMENTS		xxx	xxx	xxx
19	114 0 Utility Plant Acquisition Adjustments	206			
20	115 0 Accumulated Amortization of Utility Plant Acquisition Adjustments				
21	Total Utility Plant Adjustments				
22	TOTAL NET UTILITY PLANT		61,958	64,585	2,627

23	OTHER PROPERTY AND INVESTMENTS		xxx	xxx	xxx
24	OTHER PROPERTY		xxx	xxx	xxx
25	121 0 Non-Utility Property				
26	122 0 Accumulated Depreciation & Amortization of Non-Utility Property				
27	Total Other Property				
28	INVESTMENTS		xxx	xxx	xxx
35	124 0 Utility Investments	210			
39	Total Investments				
40	TOTAL OTHER PROPERTY AND INVESTMENTS				

(Company Name)

**200. COMPARATIVE BALANCE SHEET
CURRENT ASSETS AND OTHER DEBITS**

Balances at Beginning of Year must be consistent with balances at end of previous year

Line No.	Account Number and Title (a)	Schedule No (b)	Balance Beginning of Year (c)	Balance End of Year (d)	Increase/Decrease (e)
1	CURRENT AND ACCRUED ASSETS		XXX	XXX	XXX
2	131.1 Cash		98		(98)
3	132.0 Special Deposits - Interest and Dividends				
4	141.0 Customers Accounts Receivable				
5	142.0 Other Accounts Receivable	211			
6	143.0 Accumulated Provision for Uncollectible Accounts-Credit				
7	144.0 Notes Receivable	211			
8	145.0 Accounts Receivable from Affiliated Company	213		2,937	2,937
9	146.0 Notes Receivable from Affiliated Company	212			
10	151.0 Plant Materials and Supplies	214			
11	162.0 Prepayments	215-418			
12	174.0 Miscellaneous Current & Accrued Assets	216			
13	TOTAL CURRENT & ACCRUED ASSETS		98	2,937	2,839

14	DEFERRED DEBITS		XXX	XXX	XXX
15	186.1 Deferred Rate Case Expense	221			
16	186.2 Deferred Debits	222			
17	190.0 Accumulated Deferred Income Taxes	419-420			
18	TOTAL DEFERRED DEBITS				
19	TOTAL ASSETS & OTHER DEBITS		62,056	67,522	5,466

(Company Name)

**200. COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS**

Balances at Beginning of Year must be consistent with balances at end of previous year

Line No.	Account Number and Title (a)	Schedule No. (b)	Balance Beginning of Year (c)	Balance End of Year (d)	Increase/ (Decrease) (e)
1	EQUITY CAPITAL & LIABILITIES		XXX	XXX	XXX
2	EQUITY CAPITAL		XXX	XXX	XXX
3	201 0 Common Stock Issued		1000	1000	
4	202 0 Preferred Stock Issued				
5	211 0 Other Paid-In Capital		12,100.00	12,100.00	
6	214 0 Retained Earnings	223	-19188	-21669	-2481
7	218 0 Retained (Sole Proprietorships & Partnerships)				
8	TOTAL EQUITY CAPITAL		-6088	-8569	-2481
9					
10	LONG-TERM DEBT		XXX	XXX	XXX
11	223 0 Advances from Affiliated Companies				
12	224 0 Other Long-term Debt	224			
13	TOTAL LONG-TERM DEBT				

**200. COMPARATIVE BALANCE SHEET
 LIABILITIES AND OTHER CREDITS**

Balances at Beginning of Year must be consistent with balances at end of previous year

Line No.	Account Number and Title (a)	Schedule No. (b)	Balance Beginning of Year (c)	Balance End of Year (d)	Increase/Decrease (e)
1	CURRENT AND ACCRUED LIABILITIES		XXX	XXX	XXX
2	231.00 Accounts Payable		26000	26000	
3	232.00 Notes Payable	225			
4	233.00 Accounts Payable to Affiliated Companies	226	42144	50091	7947
5	234.00 Notes Payable to Affiliated Companies	227			
6	235.00 Customers' Deposits-Billing				
7	236.11 Accrued Taxes	418			
8	237.10 Accrued Interest				
9	241.00 Miscellaneous Current and Accrued Liabilities	228			
10	TOTAL CURRENT AND ACCRUED LIABILITIES		68144	76091	7947
11	DEFERRED CREDITS		XXX	XXX	XXX
12	252.00 Advances for Construction	229			
13	253.00 Other Deferred Credits	230			
14	255.10 Accumulated Deferred Investment Tax Credit				
15	TOTAL DEFERRED CREDITS				
16	OPERATING RESERVES		XXX	XXX	XXX
18	265.00 Operating Reserves				
19	TOTAL OPERATING RESERVES				
20	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)		XXX	XXX	XXX
21	27.00 All Contributions (See Definition pg. 8)	231			
22	TOTAL NET (CIAC)				
	TOTAL LIABILITIES & OTHER CREDITS		68144	76091	7947

(Company Name)

201. UTILITY PLANT IN SERVICE - Account No. 101.0

1. Report by prescribed accounts the original cost of utility plant in service and the additions and retirements of such plant during the year.
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Such items should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parenthesis. State in a footnote the general character of any adjustments in Column (e).
4. Submit, in a footnote, an explanation of amounts included in Columns (e) and/or (f), Line 34, for lowering or changing the location of mains.

Line No	Account Number and Title (a)	Balance Previous Year (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Balance End of Year (f)
1	1 INTANGIBLE PLANT	XXX	XXX	XXX	XXX	XXX
2	301 10 Organization					
3	302 10 Franchises					
4	339 10 Other Plant and Miscellaneous Equipment					
5	Total Intangible Plant					
6	2 SOURCE OF SUPPLY AND PUMPING PLANT	XXX	XXX	XXX	XXX	XXX
7	303 20 Land and Land Rights					
8	304 20 Structures and Improvements					
9	305 20 Collection and Impounding Reservoirs					
10	306 20 Lake, Rivers and Other Intakes					
11	307 20 Wells and Springs	63812				63812
12	308 20 Infiltration Galleries and Tunnels					
13	309 20 Supply Mains					
14	310 20 Power Generation Equipment					
15	311 20 Pumping Equipment					
16	339 20 Other Plant and Miscellaneous Equipment					
17	Total Source of Supply and Pumping Plant	63812				63812
18	3 WATER TREATMENT EQUIPMENT	XXX	XXX	XXX	XXX	XXX
19	303 30 Land and Land Rights	5000	3200			8200
20	304 30 Structures and Improvements	4118				4118
21	310 30 Power Generation Equipment	15164	1238			16402
22	311 30 Pumping Equipment					
23	320 30 Water Treatment Equipment					
24	339 30 Other Plant and Miscellaneous Equipment					
25	349 30 Instrumentation					
26	350 30 Wastewater Treatment Equipment					
27	Total Water Treatment Equipment	24282	4438			28720
28	4 TRANSMISSION AND DISTRIBUTION PLANT	XXX	XXX	XXX	XXX	XXX
29	303 40 Land and Land Rights					
30	304 40 Structures and Improvements					
31	310 40 Power Generation Equipment					
32	311 40 Pumping Equipment					
33	330 40 Distribution Reservoirs and Standpipes	11004				11004
34	331 40 Transmission and Distribution Mains	18823				18823
35	333 40 Services					
36	334 40 Meters and Meter Installations					
37	335 40 Hydrants					
38	336 40 Backflow Prevention Devices					
39	339 40 Other Plant and Miscellaneous Equipment					
40	Total Transmission and Distribution Plant	29827				29827
41	5 GENERAL PLANT	XXX	XXX	XXX	XXX	XXX
42	303 50 Land and Land Rights					
43	304 50 Structures and Improvements					
44	340 50 Office Furniture and Equipment	250	250			500
45	341 50 Transportation Equipment					
46	342 50 Stores Equipment					
47	343 50 Tools, Shop and Garage Equipment					
48	344 50 Laboratory Furniture & Equipment					
49	345 50 Power Operated Equipment					
50	346 50 Communication Equipment					
51	347 50 Miscellaneous Equipment	24748				24748
52	348 50 Other Tangible Plant					
53	Total General Plant	24998	250			25248
54	TOTAL WATER PLANT-IN-SERVICE	142919	4688			147607

202. UTILITY PLANT LEASED TO OTHERS SUPPORTING SCHEDULE Account No. 102.0

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 102.0 - Utility Plant Leased to Others.

Line No.	Name of Lessee (a)	Balance Previous Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Balance at End of Year (f)
1	None					
2						
3						
4						
5						
6						
7	TOTALS					

203. PROPERTY HELD FOR FUTURE USE SUPPORTING SCHEDULE Account No. 103.0

Insert in Column (a) the titles of the applicable primary accounts for Plant in Service and the details regarding Account No. 103.0 - Property Held For Future Use.

Line No.	Item (a)	Anticipated in Service Date (b)	Balance at Beginning of Year (c)	Additions During Year (d)	Transfers to Plant in Service (e)	Balance at End of Year (f)
1	None					
2						
3						
4						
5						
6						
7						
8		TOTALS				

204. CONSTRUCTION WORK IN PROGRESS - Account No. 105.0

1. Describe the particulars concerning utility plant in process of construction but not ready for service at end of Calendar Year.
2. Describe separately each work order that exceeds an estimated expenditure of \$500 or 1%, whichever is less, of the book cost of utility plant at the beginning of the year. All other work orders may be grouped by nature of project.

Line No.	Description of Work (a)	Balance End of Year (b)	Estimate Total Cost of Construction (c)	Projected In-Service Date (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTALS			

(Company Name)

**205. ACCUMULATED DEPRECIATION OF UTILITY PLANT -
Account Nos. 108.1, 108.2 and 108.3**

1. Report below an analysis of the changes in accumulated depreciation during the year and the amounts applicable to prescribed functional classifications
2. Explain and give particulars of important adjustments during the year.

Line No.	Item (a)	Account No.	108.1	108.2	108.3
		Total (b)	Utility Plant In Service (c)	Utility Plant Leased to Others (d)	Property Held for Future Use (e)
1	Balance Beginning of Year	80961	80961		
2	Credits During Year	XXXXXX	XXXXXX	XXXXXX	XXXXXX
3	Depreciation Provisions charged to:	XXXXXX	XXXXXX	XXXXXX	XXXXXX
4	403 Depreciation	2061	2061		
5	413 Income from Utility Plant Leased to Others				
6					
7					
8					
9					
10	Total Depreciation Provisions	2061	2061		
11	Recoveries from Insurance				
12	Salvage Realized from Retirements				
13	Other Credits (Describe)				
14					
15					
16					
17					
18	Total Credits During Year				
19	Total Credits	2061	2061		
20	Debits During Year	XXXXXX	XXXXXX	XXXXXX	XXXXXX
21	Retirement of Utility Plant				
22	Cost of Removal				
23	Other Debits (Describe)				
24					
25					
26					
27					
28	Total Debits During Year				
29	Balance at End of Year	83022	83022		

Describe the basis upon which depreciation provisions for the year were determined and attach worksheets showing the computations made in arriving at the annual provisions.

206. UTILITY PLANT ACQUISITIONS ADJUSTMENTS - Account No. 114.0

Line No.	Item (a)	Project No. 1 Amount (b)	Project No. 2 Amount (c)	Project No. 3 Amount (d)	Project No. 4 Amount (e)	Totals (f)
1	Book Plant - Net	N/A				
2	PLC Difference (Rate-making)					
3	Less Contributions (Net)					
4	Net Utility Plant Acquired					
5	Purchase Price					
6	Acquisition Adjustment					
7						
8						

210. INVESTMENTS - Account No. 124.0

- 1 Report below investments in Account No. 124.0, Utility Investments
- 2 Provide a subheading for each account and list thereunder the information called for, observing the instructions below.
- 3 Investments in Securities - List and describe each security owned, giving name of issuer. For bonds give also principal amount, date of issue, maturity, and interest rate. For capital stock state number of shares, class and series of stock. Minor investments may be grouped by classes.
- 4 Investment Advances - Report separately for each person or company the amounts of loans or investment advances which are subject to repayment but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. Each note should be listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.
- 5 For any securities, notes, or accounts that were pledged, designate such securities, notes, or accounts and in a footnote state the name of pledges and purpose of the pledge.
- 6 If Commission approval was required for any advance made or security acquired, designate such fact and in a footnote give date of authorization and case or docket number.
- 7 Interest and dividend revenues from investments should be reported in Column (g), including such revenues from securities disposed of during the year.
- 8 In Column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which was carried in the books of account if different from cost) and the selling price therefor, not including any dividend or interest adjustment included in Column (g).

Line No	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Book Cost* Beginning of Year (d)	Principal Amount or No. of Shares (e)	Book Cost End of Year (f)	Revenues For Year (g)	Gain or (Loss) From Invest. Disposed of (h)
1								
2	None							
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26	TOTALS							

* if book cost is different from cost to Utility, give cost to Utility in a footnote and explain difference.

(Company Name)

211. NOTES AND OTHER ACCOUNTS RECEIVABLE - Account Nos. 142.0 and 144.0

If interest was derived during year from notes liquidated before the end of the year, include such interest revenue in Column (d).

Line No.	Item (a)	Notes Receivable			Accounts Receivables	
		Beginning 1/1/____ (b)	Ending 12/31/____ (c)	Interest Revenue (d)	Beginning 1/1/____ (e)	Ending 12/31/____ (f)
1	None					
2						
3						
4						
5						
6						
7	TOTALS					

212. NOTES RECEIVABLE FROM AFFILIATED COMPANIES - Account No. 146.0

1. Furnish below the particulars indicated concerning notes receivable from affiliated companies at end of year.
2. If any note was received in satisfaction of an open account indebtedness, state the period covered by such open account.
3. Include in Column (f) the amount of any interest revenue during the year on notes that were paid off before the end of the year.
4. Give particulars of any notes pledged or discounted.

Line No.	Name of Affiliated Company (a)	Date of Issue (b)	Date of Maturity (c)	Amount at End of Year (d)	Interest Rate (e)	Amount (f)
1	None					
2						
3						
4						
5						
6						
7						
8	TOTALS					

213. ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES - Account No. 145.0

1. Furnish below the particulars called for concerning each Account Receivable from Affiliated Companies.
2. The term "Services Received" set forth on Line 22 of this schedule means the Management, Construction, Engineering, Purchasing, Legal, Accounting or other similar service which has been rendered to Utility under written, oral or implied contract.
3. The term "Joint Expenses Transferred" set forth on Line 23 means Central office and/or other expenses continuously assessed against respondent covering all locations of common operating costs.
4. This schedule shall include all transactions during the year with each affiliated interest affecting Account No. 145.0 and Account No. 234.0. If the latter is offset against Account No. 145.0, even though there were no outstanding balances at the beginning and end of year, and regardless of whether or not the transactions were recorded in Account Nos. 145.0 or 234.0

Line No.	Item (a)	Total (b)	Name Of Affiliate		
			(c)	(d)	(e)
	NAME OF AFFILIATE		W.P. Sanitary		
1	Balance at Beginning of Year				
2	Debits During Year	XXX	XXX	XXX	XXX
3	Cash Dispensed	3865	3865		
4	Materials and Supplies Sold				
5	Services Rendered				
6	Joint Expense Transferred				
7	Interest and Dividends Receivable				
8	Rents Receivable				
9	Securities Sold				
10	Other Debits (Specify)				
11	Travel and Entertainment Costs				
12					
13					
14	Total Debits During Year	3865	3865		
15	Total Debits	3865	3865		
16					
17	Credits During Year	XXX	XXX	XXX	XXX
18	Cash Received				
19	Water Purchased				
20	Fuel Purchased				
21	Materials and Supplies Purchased				
22	Services Received				
23	Joint Expense Transferred				
24	Interest and Dividends Payable				
25	Rents Payable				
26	Securities Purchased				
27	Transferred to Account 145				
28	Other Credits (Specify)				
29	Prior years accounts payable	928	928		
30					
31					
32	Total Credits During Year	928	928		
33	Balance at End of Year	2937	2937		

(Company Name)

214. PLANT MATERIALS AND SUPPLIES - Account No. 151.0

1. Summarize below by character (such as chemicals, fuel oil, valves, pipe, etc.) of materials and supplies, the balances in Account No. 151 0 at the beginning and end of the year.
2. Important inventory adjustments during the year of the materials and supplies account shall be explained, showing the class of materials affected and the various classes of accounts (operating expenses, clearing accounts, plant accounts) debited or credited

Line No	Classification of Materials And Supplies (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Increase (Decrease) (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30	Total			

215. PREPAYMENTS SUPPORTING SCHEDULE - Account No. 162.0

This schedule should include a breakdown of the accounts that constitute the beginning and ending balance in Account No. 162.0 - Prepayments.

Line No.	Account No. (a)	Balance Beg. of Year (b)	Additions (c)	Reductions or Deletions (d)	Adjustments (e)	Balance End of Year (f)
1	None					
2						
3						
4						
5						
6						
7						
8	TOTALS					

216. MISCELLANEOUS CURRENT AND ACCRUED ASSETS SUPPORTING SCHEDULE - Account No. 174.0

This Account should include a breakdown of the accounts that constitute the beginning and ending balance in Account No. 174.0 - Miscellaneous Current and Accrued Assets.

Line No.	Account No. (a)	Balance Beg. of Year (b)	Additions (c)	Reductions or Deletions (d)	Adjustments (e)	Balance End of Year (f)
1	None					
2						
3						
4						
5						
6						
7						
8	TOTALS					

(Company Name)

221. DEFERRED RATE CASE EXPENSE SUPPORTING SCHEDULE
Account No. 186.1

Please provide particulars regarding activity associated with the beginning and ending balance in Account No. 186.1 - Deferred Rate Case Expense.

Line No.	Rate Case Docket No. (a)	Total Amount Claimed (b)	Total Amount Allowed (c)	Normalize. Period (d)	Annual Expense (e)	Unamortized Ending Balance (f)
1	N/A					
2						
3						
4						
5						
6						
7						
8	TOTALS					

222. OTHER DEFERRED DEBITS SUPPORTING SCHEDULE
Account No. 186.2

This Account should include a breakdown of the accounts that constitute the beginning and ending balance Account No. 186.2 - Other Deferred Debits.

Line No.	Account No. (a)	Balance at Beg. of Year (b)	Additions (c)	Reductions (d)	Adjustments (e)	Balance at End of Year (f)
1	N/A					
2						
3						
4						
5						
6						
7						
8	TOTALS					

**223. STATEMENT OF RETAINED EARNINGS SUPPORTING SCHEDULE
 Account Nos. 214.0 and 215.0**

- 1 Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share
2. Show separately the state and federal income tax effect of items shown in Account No. 409.0.

Line No	Item (a)	Amounts (b)
1	Unappropriated Retained Earnings Account No. 215.0:	XXXXXX
2	Balance Beginning of Year	-19188
3	Changes to Account:	XXXXXX
4	Adjustments to Retained Earnings *	
5	Credits	
6	Debits	
7	Balance Transferred From Income	-2481
8	Total Unappropriated Retained Earnings	-21669
9		
10	Appropriated Retained Earnings Account No. 214.0:	XXXXXX
11	Total Appropriations of Retained Earnings	
12	Dividends Declared:	XXXXXX
13	Preferred Stock Dividends Declared	
14	Common Stock Dividend Declared	
15	Total Dividends Declared	
16	Total Appropriated Retained Earnings	
17	Total Retained Earnings	-21669

* Requires Commission approval prior to use.

Notes to Retained Earnings:

224. LONG-TERM DEBT - Account No. 2240

(Excluding Advances from Affiliated Companies)

1. Give below the particulars indicated of the long-term debt at end of year represented by unamortized obligations issued or assumed by the respondent, exclusive of advances from affiliated companies.

2. Group entries according to accounts and show the total for each account

3. For obligations assumed by the respondent show in Column (a) the name of the issuing company and the class and series of such obligations

4. For Receivers' Certificates show the name of the court and date of court order under which such certificates were issued

5. If respondent has pledged any of its long-term debt securities give particulars in a footnote, including name of the pledge and purpose of pledge

6. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in Column (g)

7. If interest has matured but is unpaid on any obligation, state in a footnote the class, series and principal amount of such obligation and the amount of interest matured thereon

Line No	Class and Series of Obligations (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet* (e)	Interest For Year		Held By Respondent	
						Rate (f)	Amount (g)	As Required Lg-Term Debt (h)	In Sinking & Other Funds (i)
1	Obligations Other Than PENNVEST Note	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18	Total Obligations Other Than PENNVEST								
19	PENNVEST Obligations	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
20	None								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37	Total PENNVEST Obligations								
38	TOTAL OBLIGATIONS								

* Total amount outstanding without reduction for amount held by respondent.

225. NOTES PAYABLE SUPPORTING SCHEDULE - Account No. 232.0

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 232.0 - Notes Payable

Line No	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of Year (e)	Interest Rate Per Annum (f)
1	None					
2						
3						
4						
5						
6						
7						
8				TOTAL		

226. ACCOUNTS PAYABLE TO AFFILIATED COMPANIES SUPPORTING SCHEDULE - Account No. 233.0

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 233.0 - Accounts Payable to Affiliated Companies.

Line No.	Name of Affiliated Company (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of Year (e)	Interest Rate Per Annum (f)
1	Carl L Kresge & Sons Inc	Fixed Asset Purchases	9/15/1996		41216	
2	SC Leasing	Cash Flow Advances	Various		8875	
3						
4						
5						
6						
7						
8				TOTAL	50091	

**227. NOTES PAYABLE TO AFFILIATED COMPANIES
 SUPPORTING SCHEDULE - Account No. 234.0**

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 234.0 - Notes Payable to Affiliated Companies.

Line No.	Name of Affiliated Company (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of Year (e)	Interest Rate Per Annum (f)
1	None					
2						
3						
4						
5						
6						
7						
8				TOTAL		

**228. MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES
 SUPPORTING SCHEDULE - Account No. 241.0**

This schedule should include a breakdown of the accounts that constitute the beginning and ending balance in Account No. 241.0 - Miscellaneous and Accrued Liabilities.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	Reductions or Deletions (d)	Adjustments (e)	Balance at End of Yr. (f)
1	None					
2						
3						
4						
5						
6						
7						
8	TOTALS					

**229. ADVANCES FOR CONSTRUCTION SUPPORTING SCHEDULE -
 Account No. 252.0**

This schedule should include a breakdown of the accounts that constitute the beginning and ending balance in Account No. 252.0 - Advances for Construction.

Line No.	Account (a)	Balance at Beg of Year (b)	Additions (c)	Reductions or Deletions (d)	Adjustments (e)	Balance at End of Year (f)
1	N/A					
2						
3						
4						
5						
6						
7						
8	TOTALS					

230. OTHER DEFERRED CREDITS SUPPORTING SCHEDULE - Account No. 253.0

This schedule should include a breakdown of the accounts that constitute the beginning and ending balance in Account No. 253.0 - Other Deferred Credits.

Line No.	Account (a)	Balance at Beg of Year (b)	Additions (c)	Reductions or Deletions (d)	Adjustments (e)	Balance at End of Year (f)
1	N/A					
2						
3						
4						
5						
6						
7						
8	TOTALS					

**231. CONTRIBUTIONS IN AID OF CONSTRUCTION
SUPPORTING SCHEDULE - Account No. 271.0**

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 271.0 - Contributions in Aid of Construction.

Line No.	Date (a)	Source of Contribution (b)	Description of Project (c)	Amount (d)
1			N/A	
2				
3				
4				
5				
6				
7				
8				
			TOTALS	

(Company Name)

**400. COMPARATIVE INCOME STATEMENT
REVENUES AND EXPENSES**

Line No	Account Number and Title (a)	Schedule No (c)	Balance End of Year (d)	Balance Previous Year (e)	Increase/Decrease (f)
1	400 0 Operating Revenues	401	41184	33012	8172
2					
3	UTILITY OPERATING EXPENSES		XXX	XXX	XXX
4	401 0 Operating Expenses		41604	29339	12265
5	402 0 Depreciation Expense		2061	1947	114
6	406 0 Amortization of Utility Plant Acquisition Adjustment	417			
7	407 0 Amortization, Other	417			
8	408 0 Taxes Other Than Income	418		500	-500
9	409 10 Federal Income Taxes, Utility Operating Income	419			
10	409 11 State Income Taxes, Utility Operating Income	419			
11	409 12 Local Income Taxes, Utility Operating Income				
12	410 0 Deferred Income Tax	420			
13	Tax Credits				
14	412 1 Investment Tax Credits, Deferred to Future Periods				
15	Utility Operating Capital & Costs				
16	Total Tax Credits				
17	TOTAL UTILITY OPERATING EXPENSES		43665	31786	11879
18					
19	NET UTILITY OPERATING INCOME (LOSS)		-2481	1226	-3707
20					
21	OTHER OPERATING INCOME (LOSS)		XXX	XXX	XXX
22					
23	TOTAL OTHER OPERATING INCOME (LOSS)				
24					
25	NON OPERATING INCOME		XXX	XXX	XXX
26	421 0 Non-Utility Income				
27					
28	TOTAL NON-OPERATING INCOME				
29					
30	NON-OPERATING DEDUCTIONS		XXX	XXX	XXX
31	408 0 Taxes Other Than Income, Other Income and Deductions				
32	409 2 Income Taxes, Other Income and Deductions				
33	416 0 Cost & Expenses of Merchandising, Jobbing and Contract Work				
34	426 0 Miscellaneous Non-Utility Expenses				
35	427 Interest Expense				
36					
37	TOTAL NON-OPERATING DEDUCTIONS				
38					
39	NET INCOME (LOSS)		-2481	1226	-3707
40					
41					
42					
43					
44					
45					
46					

401. OPERATING REVENUES SUPPORTING SCHEDULE - Account No. 400.0

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 400.0 - Operating Revenues.

Line No.	Account Number and Title (a)	Schedule No. (b)	Balance End of Year (c)	Balance Previous Year (d)	Increase/Decrease (e)
1	WATER SALES REVENUE		XXX	XXX	XXX
2	460 0 Unmetered Water Revenue		XXX	XXX	XXX
3	460 1 Residential		41,184	33,012	8,172
4	460 2 Commercial				
5	460 3 Industrial				
6	460 4 Public				
7	460 5 Other				
8					
9	Total Unmetered Water Revenue		41,184	33,012	8,172
10					
11	461 0 Metered Water Revenue		XXX	XXX	XXX
12	461 1 Residential				
13	461 2 Commercial				
14	461 3 Industrial				
15	461 4 Public				
16	461 5 Multiple Family Dwellings				
17	461 6 Other				
18					
19	Total Metered Water Revenue				
20					
21	462 1 Public Fire Protection				
22	462 2 Private Fire Protection				
23	464 0 Other Sales to Public (Special Contracts)	404			
24	466 0 Sales for Resale	405			
25	467 0 Interdepartmental Sales				
26	468 0 Other				
27					
28	TOTAL WATER SALES		41,184	33,012	8,172
29					
30	OTHER WATER REVENUES		XXX	XXX	XXX
31	470 0 Forfeited Discounts				
32	471 0 Miscellaneous Service Revenues				
33	472 0 Rents from Water Property				
34	473 0 Interdepartmental Rents				
35	474 0 Other Water Revenues	406			
36					
37	TOTAL OTHER WATER REVENUES				
38					
39	TOTAL WATER SALES & OTHER REVENUES		41,184	33,012	8,172

402. OPERATING REVENUES SUPPORTING SCHEDULE - CUSTOMER DATA

Customers should be reported on the basis of number of meters, (except where multiple customers have one meter) plus number of flat rate accounts. Where separate meter readings are added for billing purposes, one customer shall be counted for each group of meters so added.

Line No.	Customer Classes (a)	Customers End of Current Year (b)	Customers End of Previous Year (c)
1	Unmetered Sales	XXX	XXX
2	Residential	182	169
3	Commercial		
4	Industrial		
5	Public		
6	Other		
7	Public Fire		
8	Private Fire		
9	Total Unmetered Sales	182	169
10			
11	Metered Sales	XXX	XXX
12	Residential		
13	Commercial		
14	Industrial		
15	Public		
16	Multiple Family Dwellings		
17	Other		
18	Private Fire		
19	Public Fire		
20	Sales for Resale		
21	Total Metered Sales		

403. OPERATING REVENUES SUPPORTING SCHEDULE - GALLONS SOLD

1. Report below the gallons sold for the current year and the previous year for each customer class.
2. How the quantities of water sold to unmetered flat-rate customers were determined should be explained in a footnote.

Line No.	Account (a)	Gallons Sold Current Year (000 omitted) (b)	Gallons Sold Previous Year (000 omitted) (c)
1			
2	Unmetered Sales	XXX	XXX
3	Residential	14,366	12,629
4	Commercial		
5	Industrial		
6	Public		
7	Other		
8	Public Fire		
9	Private Fire		
10	Total Unmetered Sales	14,366	12,629
11			
12	Metered Sales	XXX	XXX
13	Residential		
14	Commercial		
15	Industrial		
16	Public		
17	Multiple Family Dwellings		
18	Other		
19	Public Fire		
20	Private Fire		
21	Sales for Resale		
22	Total Metered Sales		
23			
24			
25			
26	Total Water Sales	14,366	12,629

FOOTNOTES:

404. OTHER SALES TO PUBLIC WATER UTILITIES SUPPORTING SCHEDULE - Account No. 464.0

1. Designate by asterisk in Column (a) purchases which are affiliated with respondent.
2. The entries on Lines 1 to 8 under Columns (i) to (s) must correspond to the entries on the same lines under Columns (a) to (g). The totals of Columns (h) to (s), inclusive, must agree with respective quantities reported in Column (e).

Line No.	Name of Purchaser (a)	Point of Delivery (b)	Service* Capacity (c)	Pressure @ Point of Delivery (d)	Quantity of Water Sold (1,000-Gal.) (e)	Revenues (f)	Revenue Per (1,000-Gal.) (g)
1	None						
2							
3							
4							
5							
6							
7							
8							
TOTALS							

* Size of meter from which delivery is made

MONTHLY SALES IN 1,000-GAL BY PURCHASER

Line No.	January (E)	February (f)	March (g)	April (h)	May (i)	June (m)	July (n)	August (o)	September (p)	October (q)	November (r)	December (s)
1												
2												
3												
4												
5												
6												
7												
8												
TOTALS												

405. SALES FOR RESALE SUPPORTING SCHEDULE - Account No. 466.0

1. Designate by asterisk in Column (a) purchases which are affiliated with respondent.
2. The entries on Lines 1 to 8 under Columns (h) to (s) must correspond to the entries on the same lines under Columns (a) to (g). The totals of Columns (h) to (s), inclusive, must agree with respective quantities reported in Column (e).

Line No	Name of Purchaser (a)	Point of Delivery (b)	Service* Capacity (c)	Pressure @ Point of Delivery (d)	Quantity of Water Sold (1,000-Gal) (e)	Revenues \$ (f)	Revenue \$ Per (1,000-Gal) (g)
1	None						
2							
3							
4							
5							
6							
7							
8							
Totals					TOTALS		

* Size of meter from which delivery is made.

MONTHLY SALES IN 1,000-GAL BY PURCHASER

Line No	January (h)	February (i)	March (j)	April (k)	May (l)	June (m)	July (n)	August (o)	September (p)	October (q)	November (r)	December (s)
1												
2												
3												
4												
5												
6												
7												
8												
Totals												

406. OTHER WATER REVENUES SUPPORTING SCHEDULE - Account No. 474.0

Provide a breakdown of Other Water Revenues - Account No. 474.0 not shown in any other revenue account.

Line No.	Description (a)	Amounts (b)
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	TOTALS	

(Company Name)

407. WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

Line No	Account Number and Title (a)	Schedule No (b)	Amount of Operating Expenses		
			Current Year (c)	Previous Year (d)	Increase (Decrease) (e)
1	Salaries and Wages		XXX	XXX	XXX
2	601 0 Employees	409			
3	603 0 Officers, Directors and Majority Stockholders	409			
4	Total Salaries and Wages				
5	604 0 Employee Pensions and Benefits	409-A	1645	2267	-622
6	610 0 Purchased Water	408			
7	615 0 Purchased Power		7847	6102	1745
8	616 0 Fuel for Power Production				
9	618 0 Chemicals	411-D	787	797	-10
10	620 0 Materials and Supplies		729	2616	-1887
11	Contractual Services		XXX	XXX	XXX
12	631 0 Engineering	411-A			
13	632 0 Accounting	411-A	875	650	225
14	633 0 Legal	411-A	2241		2241
15	634 0 Management Fees	411-B			
16	635 0 Testing	411-B	2007	154	1853
17	636 0 Other - Maintenance	411-B	21107	12705	8402
18	Total Contractual Services		26210	13509	12721
19	640 0 Rents	411-C			
20	650 0 Transportation Expenses		262	532	-270
21	Insurance		XXX	XXX	XXX
22	655 0 Vehicle	411-C	679	1200	-521
23	655 0 General Liability	411-C	291	502	-211
24	Total Insurance	411-C	970	1702	-732
25	666 0 Regulatory Commission Expenses-Amort. of Rate Case Expense	411-C		196	-196
26	610 0 Bad Debt Expense				
27	675 0 Miscellaneous Expenses		XXX	XXX	XXX
28	Office and bank charges	411-D	2162	1618	544
29	Miscellaneous Expenses	411-D	972		972
30		411-D			
31	Total Miscellaneous Expenses	411-D	3134	1618	1516
32	Total Water Operation and Maintenance Expense Accounts		41604	29339	12265

408. WATER PURCHASED FOR RESALE SUPPORTING SCHEDULE - Account No. 610.0

1. Designate by asterisk to Column (a) vendors which are affiliated with respondent.
 2. The entries on Lines 1 to 8 under Column (b) to (g) must correspond to the entries on the same lines under Columns (a) to (g). The totals of Columns (b) to (g), inclusive, must agree with respective quantities reported in Column (e).

Line No.	Name of Vendor (a) Name	Point of Delivery (b)	Service* Capacity (c)	Pressure @ Point of Delivery (d)	Quantity of Water Purch. (1,000-Gal.) (e)	Cost of Purchased Water (f)	Cost Per (1,000-Gal.) \$ (g)
1							
2							
3							
4							
5							
6							
7							
8							
TOTALS							

* Size of meter from which delivery is made

MONTHLY PURCHASES IN 1,000-GAL FROM VENDOR

Line No.	January (h)	February (i)	March (j)	April (k)	May (l)	June (m)	July (n)	August (o)	September (p)	October (q)	November (r)	December (s)
1												
2												
3												
4												
5												
6												
7												
8												
TOTALS												

408. (a) WATER OBTAINED FROM OWN SOURCE(S) IN 1000-GALLON QUANTITIES

MONTHLY WATER OBTAINED IN 1,000-GAL FROM OWN SOURCE(S)

Line No	January (a)	February (b)	March (c)	April (d)	May (e)	June (f)	July (g)	August (h)	September (i)	October (j)	November (k)	December (l)
1	256	245	348	425	508	620	522	630	493	507	549	379
2	726	572	555	547	516	543	397	740	508	539	483	550
3	143	120	140	144	188	246	260	300	179	199	151	151
4												
5												
6												
7												
8												
TOTALS	1125	937	1043	1116	1212	1409	1179	1660	1180	1242	1183	1680

Line No	IDENTIFY EACH SOURCE
1	Washington Park Well # 1 and # 2
2	Washington Park Well # 3
3	Sleepy Hollow Well # 1
4	
5	
6	
7	
8	
9	

409. WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS (ALLOCATION)

Line No.	Account Number and Title	Totals from Schedule 409*	Source of Supply And Expenses - Operations (c)	Source of Supply And Expenses - Maintenance (d)	Water Treatment Expenses - Operations (e)	Water Treatment Expenses - Maintenance (f)	Transmission And Distribution Operations (g)	Transmission And Distribution Maintenance (h)	Customer Accounts Expenses (i)	Accruals And General Expenses (j)
1	Salaries and Wages	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2	601 0 Employees									
3	603 0 Officers, Directors, and Majority Shareholders									
4	604 0 Employee Pensions and Benefits *	1645								
5	Total Salaries and Wages **	1645								1645
6	Contractual Service	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7	630 0 Billing									
8	631 0 Engineering ***									
9	632 0 Accounting ***	875								875
10	633 0 Legal ***	2241								2241
11	634 0 Management Fees ***									
12	635 0 Contract Services Testing ***	2007			2007					
13	636 0 Other - Maintenance ***	21107								
14	Total Contractual Service	26230					4800	4800		11507
15	640 0 Rents ****									
16	655 0 Insurance ****									
17	665 0 Regulatory Commission Expense ****	970								
18	Miscellaneous Expense	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19	675 Communications Service									
20	675 Travel									
21	Office & Bank Charges	2162								
22	Miscellaneous Expenses	972								
23	Total Miscellaneous Expenses	3134								
24	TOTALS	31979			2007		4800	4800		20372

* For breakdown, see Schedule 409-A
 ** For breakdowns see Schedules 410
 *** For breakdown see Schedule 411-A & 411-B
 **** For breakdown see Schedule 411-C

(Company Name)

409-A. EMPLOYEE PENSIONS AND BENEFITS SUPPORTING SCHEDULE
Account No. 604.0

This schedule should include a breakdown of the accounts that constitute the ending balance in Account No. 604.0 - Employee Pensions and Benefits.

Line No	Benefit Type (a)	Employees (c)	Total Expenses for	
			Current Year (d)	Prior Year (e)
1	Pension			
2	Life Insurance			
3	Health Insurance		1,645	2,267
4	Dental			
5	Eye Care			
6	Prescriptions			
7	Employee Recognition			
8	Physicals			
9	Tuition Assistance			
10	Death Benefits			
11	Other Post Employee Benefits			
12	401K			
13	Employee Stock Option Program			
14	Others (Specify)			
15	TOTALS		1,645	2,267

Company Name

409-B. CHEMICALS USED IN WATER TREATMENT DURING YEAR
ACCOUNT No. 618

Line No	Identify Treatment Chemical Used	Bal at Beginning of year \$	Total Annual Purchased		Total Annual Used		Balance at Year End	
			\$	Quantity	\$	Quantity	\$	Quantity
1								
2	Chlorine		787		787			
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20			787		787			

410. EMPLOYEE PAYROLL STATISTICS

1. Show hereunder the details called for concerning the number of officers and employees at the beginning and end of the year, and the aggregate salaries and wages for the year.
2. The data shall be itemized according to the department payroll classification maintained by Respondent at the end of the year (such as, for example, officers, office, operations, maintenance, etc)

Line No	Payroll Classification (a)	Number Beginning of Year (b)	Number End of Year (c)	Aggregate Salaries and Wages for the Year (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
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16				
17				
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27				
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29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

411-A. CONTRACTUAL SERVICES SUPPORTING SCHEDULE
Account Nos. 631.0, 632.0 and 633.0

Provide a breakdown of Engineering Expense - Account No. 631.0.

Line No.	Description of Project (a)	Expense (b)
1	None	
2		
3		
4		
5		
6		
7	TOTAL	

Provide a breakdown of Accounting Expense - Account No. 632.0.

Line No.	Type of Service (a)	Expense (b)
1	Tax Returns & Regulatory Reports	875
2		
3		
4		
5		
6		
7	TOTAL	875

Provide a breakdown of Legal Expense - Account No. 633.0

Line No.	Description of Service (a)	Expense (b)
1	Attorney fees	2,241
2		
3		
4		
5		
6		
7	TOTAL	2,241

411-B. CONTRACTUAL SERVICES SUPPORTING SCHEDULE
Account Nos. 634.0, 635.0 and 636.0

Provide a breakdown of Management Fees - Account No. 634.0.

Line No.	Description of Management Fee (a)	Expense (b)
1	None	
2		
3		
4		
5		
6		
7	TOTAL	

Provide a breakdown of Testing Expense - Account No. 635.0.

Line No.	Type of Testing Services (a)	Expense (b)
1	Water Tests	2,007
2		
3		
4		
5		
6		
7	TOTAL	2,007

Provide a breakdown of Other - Maintenance Expense - Account No. 636.0.

Line No.	Description of Maintenance (a)	Expense (b)
1	Sub Contractors	21,107
2		
3		
4		
5		
6		
7	TOTAL	21,107

411-C. CONTRACTUAL SERVICES SUPPORTING SCHEDULE
Account Nos. 640, 655 and 665.0

Provide a breakdown of **Rentals Expense** - Account No. 640.

Line No.	Identify Property or Equipment Rented (a)	Expense (b)
1	None	
2		
3		
4		
5		
6		
7	TOTAL	

Provide a breakdown of **Insurance Expense** - Account No. 655.

Line No.	Type of Insurance (a)	Expense (b)
1	Vehicle	679
2	Liability	291
3		
4		
5		
6		
7	TOTAL	970

Provide a breakdown of **Regulatory Commission Expense** - Account No. 665.

Line No.	Identify Case Docket (R) Number or Other Type Of Commission Expense (a)	Expense (b)
1	None	
2		
3		
4		
5		
6		
7	TOTAL	

411-D. MISCELLANEOUS OTHER EXPENSES SUPPORTING SCHEDULE
Account No. 675.0

Provide a breakdown of Miscellaneous Expenses - Account No 675.0		Expenses
Line No	Description of Miscellaneous Expenses	\$
1	Office expenses & bank charges	2162
2	Miscellaneous expense	972
3		
4		
5		
6		
7		
8		
9		
10		
11	TOTALS	3134

416. TRAVEL EXPENSES SUPPORTING SCHEDULE - Account No. 675.12

Provide a breakdown of Travel Expense - Account No. 675.12

Line No.	Event (a)	Travel Expenses (b)	Lodging Expenses (c)	Meal Expenses (d)	Entertainment Expenses (e)	Total Expense (f)
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	TOTALS					

417. AMORTIZATION EXPENSES SUPPORTING SCHEDULE - Account Nos. 406.0, 407.0, and 407.1

Amortization of Utility Plant Acquisition Adjustment - Account No. 406.0

Line No.	Year Incurred Date (a)	Name of Company Acquired (b)	Total Acquisition Adjustment (c)	Yearly Amortization (d)
1		None		
2				
3				
4				
5				
6				
7		TOTALS		

Amortization of Property Losses - Account No. 407.0

Line No.	Year Incurred Date (a)	Identify Each Item (b)	Total Adjustment (c)	Yearly Amortization (d)
1		None		
2				
3				
4				
5				
6				
7		TOTALS		

Amortization of Other Utility Plant - Account No. 407.1

Line No.	Year Incurred Date (a)	Plant Item Amortized (b)	Total Adjustment (c)	Yearly Amortization (d)
1		None		
2				
3				
4				
5				
6				
7		TOTALS		

418.A TAXES ACCRUED AND PREPAID DURING YEAR
Account Nos. 236 and 162

- 1 Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated is actual amounts.
- 2 Include on this page, taxes paid during the year and charged directly to final accounts, (not charged to prepaid or accrued taxes)
- 3 Include in column (c) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to the current year, and (c) taxes paid and charged directly to operations or accounts other than accrued and prepaid tax accounts
- 4 List the aggregate of each kind of tax in such a manner that the total tax can be readily ascertained

Line No	Kind of Tax (See Instruction 5) (a)	ACCRUED AND PREPAID TAXES DURING YEAR						TOTAL ACCRUALS AND AMORTIZATIONS (h)
		BALANCE AT BEGINNING OF YEAR (b)	BY DEBIT OR CREDIT TO ACCOUNT (c)	BY DEBIT OR CREDIT TO OTHER ACCOUNTS				
				ACCT. NO. (d)	AMOUNT DEBIT (e)	ACCT. NO. (f)	AMOUNT CREDIT (g)	
1	TAXES ACCRUED (Account 236)							
2	Federal Surtax On Income							
3	Federal Tax on Revenue							
4	Federal Provisions Tax							
5	Federal Unemployment Relief							
6	State Unemployment Relief							
7	State Capital Stock Tax							
8	Gen Assessment - Pub Util Comm							
9	State Corporate Loans Tax							
10	Local Real Estate Tax							
11	PA Realty Tax							
12	Other Taxes (specify)							
13								
14								
15								
16	TOTAL - TAXES ACCRUED							
17								
18	PREPAYMENTS Acct 162)							
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34	TOTAL - PREPAYMENTS							
35								

418.B TAXES ACCRUED AND PREPAID DURING YEAR

5. Report in column (k) through (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to water operations. Report in column (m) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also show in column (n) the taxes charged to utility plant or other balance sheet accounts.

6. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Line No	Balance at End of Year		Distribution of Taxes Charged			
	(j)	(k)	WATER ACCT 408.1 (l)	WATER 409.1 (m)	OTHER UTILITIES ACCTS 408.1 - 409.1 (n)	(UTILITY PLANT AND OTHER BAL SHEET ACCOUNTS (o))
1						
2	None					
3						
4						
5						
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10						
11						
12						
13						
14						
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419-A TAXES OTHER THAN INCOME, INCOME TAXES AND DEFERRED TAXES DURING YEAR
Accounts Nos. 408, 409, 410, 411 and 412

1. Taxes Other Than Income shall include the amount of gross revenue or gross receipts taxes, regulatory agency general assessment for purposes of public utility regulation, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes and all other taxes assessed by federal, state, county, municipal, or other local government authorities except income taxes. These accounts shall be charged in each accounting period with the amount of taxes which are applicable thereto, with concurrent credits to account 236 - Accrued Taxes or account 162 - Prepayments, as appropriate.
2. Income Taxes shall include the amounts of local, state, and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236 - Accrued Taxes, and as the exact amount of taxes become known, the current amount shall be adjusted by charges or credits to these accounts unless such adjustments are properly included in account 439 - Adjustments to Retained Earnings.
3. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind included in these accounts shall be assigned directly to the utility department the operation of which gave rise in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis.

Line No.	Kind of Tax (See Instruction 5) (a)	OTHER THAN INCOME AND INCOME TAXES DURING YEAR						TOTAL ACCRUALS, AMORTIZATIONS AND DEFERRALS (h)
		BALANCE AT BEGINNING OF YEAR (b)	BY DEBIT OR CREDIT TO ACCOUNT (c)	BY DEBIT OR CREDIT TO OTHER ACCOUNTS				
				ACCT. NO. (d)	AMOUNT DEBIT (e)	ACCT. NO. (f)	AMOUNT CREDIT (g)	
2	Taxes Other Than Income Account (408)	None						
3	Utility Reg Assessment Fees Acc: 408 10							
4	Property Taxes Acct (408 11)							
5	Payroll Taxes Acct (408 12)							
6	Other Taxes and Licenses Acct (408 13)							
7	Other Than Inc, Other Inc and Def: Acct 408 1							
8								
9								
10	Total - Taxes Other Than Income							
11								
12	Income Taxes Acct (409)							
13	Fed Inc Taxes, Util Oper Inc Acct (409 10)							
14	State Inc Taxes Util Oper Inc Acct (409 11)							
15	Local Inc Taxes Util Oper Inc Acct (409 12)							
16	Inc Taxes Other Inc and Def Acct (409 20)							
17	Inc Taxes, Extraordinary Items Acct (409 30)							
18	Other Income Taxes (specify)							
19								
20	Total - Income Taxes							
21								
22	Deferred Income Taxes Acct (410)							
23	Def Fed Inc Taxes Acct (410 10)							
24	Def State Inc Taxes Acct (410 11)							
25	Def Local Inc Taxes Acct (410 12)							
26	Other Deferred Taxes Acct (410 20)							
27								
28	Total - Deferred Income Taxes							
29								
30	Deferred Inc Taxes Credit Acct (411)							
31								
32								
33								
34								
35	Investment Tax Credits Acct (412)							
36								
37								
38								

419-B. TAXES OTHER THAN INCOME, INCOME TAXES AND DEFERRED TAXES DURING YEAR

- 4 If any tax (exclude Federal and State Income Taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (b).
- 5 Enter all adjustments of the Other Than Income, Income and Deferred tax accounts in column (c) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
- 6 Do not include on this page entries with respect to or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
- 7 Report in column (k) through (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to water operations. Report in column (m) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also show in column (n) the taxes charged to utility plant or other balance sheet accounts.
- 8 For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Line No	Balance at End of Year		Distribution of Taxes Charged			
	(i) \$VALUE	(j) None	WATER ACCT 408.1 (k)	WATER ACCT 409.1 (l)	OTHER UTILITIES ACCTS 408.1 - 409.1 (m)	UTILITY PLANT AND OTHER BAL. SHEET ACCOUNTS (n)
1						
2						
3						
4						
5						
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10						
11						
12						
13						
14						
15						
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(Company Name)

**422-A. RECONCILIATION OF NET INCOME SHOWN ON SCHEDULE 400 WITH
FEDERAL NORMAL TAX NET INCOME
INSTRUCTIONS**

1. Report in the form provided a reconciliation of (a) net income for the year as shown by the Income Statement (Schedule 400) with (b) Federal normal tax net income as shown in return filed with the Federal government for the calendar or other fiscal year covered by Respondent's PUC Annual Report. The reconciliation is to be furnished even if there is no net income on which Federal taxes on income are payable for the year.
2. If the Respondent is a member of a group which files a consolidated tax return, the net income reported to the Commission in Schedule 400 should be reconciled with the net income which would be subject to Federal normal income tax if a separate tax return were filed by the Respondent. In a supplementary schedule there should be shown (a) names of the companies in the consolidated group, (b) the taxes for the consolidated group, determined from the consolidated tax return, according to the kinds of taxes, (c) the taxes of the Respondent if a separate return were filed, and (d) the amount allocated and method of allocation to Respondent or a portion of the consolidated taxes.
3. If the tax situation of the Respondent with respect to the year's income is such as to permit the filing of a claim for refund of taxes of a prior year, or the carrying forward of a credit against taxable income of a future year, explain the circumstances and state the amount of tax refund which may be claimed or the credit available against future taxable income.
4. Furnish particulars of any additional taxes paid or refunds received during the year with respect to Federal taxes on income of a previous year, and adjustments of Accrued Taxes for under or over accrual of taxes of previous years.
5. State below the latest year with respect to which the tax returns have been received by the Federal government and the year's income closed as to assessment of additional Federal taxes on income or recovery of a tax refund.
6. State below the date Respondent's tax returns for the year were filed and the Collector's office to which sent. If a consolidated tax return was filed state that fact also and name of the parent company which filed the return.
7. State below the Federal taxes on income for the year as shown by returns filed with the Federal government of the calendar or other established fiscal year covered by Respondent's PUC Annual Report and the taxes shown in Respondent's annual report to the Commission.

	Per Tax Returns	Per PUC Annual Report
Federal Income Tax	0	0
Total	0	0

8. If the taxes, per tax return, differ from amounts shown in the PUC Annual Report, furnish a statement showing allocation of the taxes per tax return to the departmental tax expense accounts and other accounts to which applicable, and an explanation of the basis of allocation

**422-B. RECONCILIATION OF NET INCOME SHOWN ON SCHEDULE 400 WITH
 FEDERAL NORMAL TAX NET INCOME (Continued)**

Line No.	Particulars (a)	Amount (b)
1	Net Income for the year per Schedule 400	-2,481
2	Adjustments made to determine taxable income*	
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
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21		
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23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	Net additions to or deductions from amount shown on Line 1	
34		
35	Federal surtax net income (surtax \$ at applicable rate of tax of %)	

* List additional income items first, followed by additional deductions.

500. WATER DELIVERED INTO SYSTEM DURING YEAR

Every estimated value shall be supported by such detailed information as will permit a ready identification, analysis, & verification of all relevant facts. The Company shall be prepared to furnish to the Commission this detailed information.

Line No.	Description (a)	(Gallons) (b)	(gal. Per day) (c)
1	Water Delivered for Distribution & Sale:		
2	Water Obtained from Company Sources	14,366,000	39,359
3	Water Obtained from Other Independent Utilities		
4	Total Water Delivered	14,366,000	39,359
5	Metered Sales:		
6	Residential		
7	Commercial		
8	Industrial		
9	Public		
10	Other Water Utilities		
11	Private Fire Protection		
12	Public Fire Protection		
13	Other Metered Service <i>Identify</i> _____		
14	Total Metered Sales		
15	Unmetered Sales:		
16	Residential	14,366,000	39,359
17	Commercial		
18	Industrial		
19	Private Fire Protection		
20	Public Fire Protection		
21	Other Unmetered Service <i>Identify</i> _____		
21	Total Unmetered Sales	14,366,000	39,359
22	Total Gallons Delivered	14,366,000	39,359
23	Non-Revenue Usage Allowances:		
24	Authorized Unmetered Usage:		
25	Main Flushing		
26	Blow-off Use		
27	Others. <i>Identify</i> _____		
28	Unauthorized Use		
29	Unavoidable Leakage _____ gpd/mile of main		
30	Adjustments		
31	Located & Repaired Breaks in Mains & Services		
32	Others <i>Identify</i> _____		
33	Total Allowances & Adjustments		
34	Unaccounted-for-Water		
35	Percentage of Unaccounted-for-Water		

(Company Name)

501. IMPORTANT PHYSICAL CHANGES DURING the YEAR

Submit information separately for each of the six functional groups listed below with respect to major physical changes to plant in-service costing more than \$500, per project, during the year involving either additions, improvements, retirements or replacements of plant. Information provided shall include Work Order Number, a Description of the Project, and the District Served. Attach additional sheets as necessary.

1. Source of Supply 2. Power and Pumping 3. Purification 4. Distribution 5. General 6. Other Tangible

NONE

(Company Name)

502. PA-DEP ANNUAL WATER SUPPLY REPORTS

Attach copies of the Annual Water Supply Reports submitted to PA-DEP for the calendar year. Each stand alone water system is required to file a separate report. Below separately list the Names of each District, Division or System for which reports are attached and the number of pages including all attachments thereto.

1	N/A
2	
3	
4	
5	
6	
7	
8	
9	
10	

Report below the number of customers at the end of the year in response to the survey, the number of new customers and the average number of customers during the year. Respondent customer information in columns (d) and (e)

County Code (a)	Serves County (b)	
01		Adams
02		Allegheny
03		Armstrong
04		Beaver
05		Bedford
06		Berks
07		Blair
08		Bradford
09		Bucks
10		Butler
11		Cambria
12		Cameron
13		Carbon
14		Centre
15		Chester
16		Clarion
17		Clearfield
18		Clinton
19		Columbia
20		Crawford
21		Cumberland
22		Dauphin
23		Delaware
24		Elk
25		Erie
26		Fayette
27		Forest
28		Franklin
29		Fulton
30		Greene
31		Huntingdon

32	Indiana
33	Jefferson
34	Juniata
35	Lackawanna
36	Lancaster
37	Lawrence
38	Lebanon
39	Lehigh
40	Luzerne
41	Lycoming
42	McKean
43	Mercer
44	Mifflin
45	Monroe
46	Montgomery
47	Montour
48	Northampton
49	Northumberland
50	Perry
51	Philadelphia
52	Pike
53	Potter
54	Schuylkill
55	Snyder
56	Somerset
57	Sullivan
58	Susquehanna
59	Tioga
60	Union
61	Venango
62	Warren
63	Washington
64	Wayne
65	Westmoreland
66	Wyoming
67	York
Totals	
Total Population of Territory Served (Estimated)	

W.P. WATER COMPANY
 ASSET SUMMARY
 12/31/2006
 (See Accountants' Compilation Report)

<u>Num</u>	<u>Property Description</u>	<u>Acquired</u>	<u>Method</u>	<u>Cost/Basis</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
1	Well House	1/1/75	SL	4,118	4,118		4,118
2	Well # 1	11/1/75	SL	7,964	7,964		7,964
3	Well # 2	1/1/92	SL	22,132	7,593	554	8,147
4	Well # 3	1/1/96	SL	55,680	13,261	1,393	14,654
5	Water Lines	1/1/75	SL	18,823	18,823		18,823
6	Storage tank	1/1/75	SL	4,204	4,204		4,204
7	Truck	10/13/97	SL	24,748	24,748		24,748
8	Carpet	6/1/94	SL	250	250		250
9	Land	7/17/70	SL	5,000	-		-
10	Land		SL	3,200			-
11	Pump		SL	1,238		89	89
12	Computer		SL	250		25	25
				<u>147,607</u>	<u>80,961</u>	<u>2,061</u>	<u>83,022</u>

W.P. WATER COMPANY
 WATER QUALITY CALCULATION

The quantities of water sold to unmetered flat rate customers were determined through the use of meters at the pumps.

VERIFICATION

OATH

To be made by the officer having control of the accounting of the respondent

State of PENNSYLVANIA
County of Luzerne & Wyoming
Carl R. Kluge makes oath and says that he/she is PRESIDENT
(Name of officer) (Official title of officer)
of W.P. WATER CO
(Exact legal title of name of the respondent)

The signed officer has reviewed the report

Based on the officer's knowledge, the report does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading

Based on such officer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report

He/she believes that all other statements contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named report and including JANUARY 01, 2006 to and including DECEMBER 31, 2006

and for the State and County above named, this April 27, 2007

My commission expires BARBARA
(Signature of officer authorized to administer oaths)
COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
BARBARA COTTER, NOTARY PUBLIC
WYOMING, LUZERNE COUNTY, PA
MY COMMISSION EXPIRES AUGUST 27, 2009
Carl R. Kluge
(Signature of officer)

SUPPLEMENTAL OATH
(By the president or other chief officer of the respondent)

State of _____
County of _____
_____ makes oath and says that he/she
_____ (Official title of officer)

that he/she has carefully examined the foregoing report, that he/she had every that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above named respondent during the period of time from and including _____ to and including _____

Subscribed and sworn to before me, a _____ day of _____
in and for the State and County above named, this _____

My commission expires _____
(Signature of officer authorized to administer oaths)
Page 15
(Signature of officer)

COMPANY	YEAREND	COUNTYCO	SERVES	COUNTYNAME
	0 YEAR ENDED DECEMBER 31, 2001	01	0	Adams
	0 YEAR ENDED DECEMBER 31, 2001	02	0	Allegheny
	0 YEAR ENDED DECEMBER 31, 2001	03	0	Armstrong
	0 YEAR ENDED DECEMBER 31, 2001	04	0	Beaver
	0 YEAR ENDED DECEMBER 31, 2001	05	0	Bedford
	0 YEAR ENDED DECEMBER 31, 2001	06	0	Berks
	0 YEAR ENDED DECEMBER 31, 2001	07	0	Blair
	0 YEAR ENDED DECEMBER 31, 2001	08	0	Bradford
	0 YEAR ENDED DECEMBER 31, 2001	09	0	Bucks
	0 YEAR ENDED DECEMBER 31, 2001	10	0	Butler
	0 YEAR ENDED DECEMBER 31, 2001	11	0	Cambria
	0 YEAR ENDED DECEMBER 31, 2001	12	0	Cameron
	0 YEAR ENDED DECEMBER 31, 2001	13	0	Carbon
	0 YEAR ENDED DECEMBER 31, 2001	14	0	Centre
	0 YEAR ENDED DECEMBER 31, 2001	15	0	Chester
	0 YEAR ENDED DECEMBER 31, 2001	16	0	Clarion
	0 YEAR ENDED DECEMBER 31, 2001	17	0	Clearfield
	0 YEAR ENDED DECEMBER 31, 2001	18	0	Clinton
	0 YEAR ENDED DECEMBER 31, 2001	19	0	Columbia
	0 YEAR ENDED DECEMBER 31, 2001	20	0	Crawford
	0 YEAR ENDED DECEMBER 31, 2001	21	0	Cumberland
	0 YEAR ENDED DECEMBER 31, 2001	22	0	Dauphin
	0 YEAR ENDED DECEMBER 31, 2001	23	0	Delaware
	0 YEAR ENDED DECEMBER 31, 2001	24	0	Elk
	0 YEAR ENDED DECEMBER 31, 2001	25	0	Frie
	0 YEAR ENDED DECEMBER 31, 2001	26	0	Fayette
	0 YEAR ENDED DECEMBER 31, 2001	27	0	Forest
	0 YEAR ENDED DECEMBER 31, 2001	28	0	Franklin
	0 YEAR ENDED DECEMBER 31, 2001	29	0	Fulton
	0 YEAR ENDED DECEMBER 31, 2001	30	0	Greene
	0 YEAR ENDED DECEMBER 31, 2001	31	0	Huntingdon
	0 YEAR ENDED DECEMBER 31, 2001	32	0	Indiana
	0 YEAR ENDED DECEMBER 31, 2001	33	0	Jefferson
	0 YEAR ENDED DECEMBER 31, 2001	34	0	Juniata
	0 YEAR ENDED DECEMBER 31, 2001	35	0	Lackawanna
	0 YEAR ENDED DECEMBER 31, 2001	36	0	Lancaster
	0 YEAR ENDED DECEMBER 31, 2001	37	0	Lawrence
	0 YEAR ENDED DECEMBER 31, 2001	38	0	Lebanon
	0 YEAR ENDED DECEMBER 31, 2001	39	0	Lehigh
	0 YEAR ENDED DECEMBER 31, 2001	40	0	Luzerne
	0 YEAR ENDED DECEMBER 31, 2001	41	0	Lycoming

0 YEAR ENDED DECEMBER 31, 2001	42	0	McKean
0 YEAR ENDED DECEMBER 31, 2001	43	0	Mercer
0 YEAR ENDED DECEMBER 31, 2001	44	0	Mifflin
0 YEAR ENDED DECEMBER 31, 2001	45	0	Monroe
0 YEAR ENDED DECEMBER 31, 2001	46	0	Montgomery
0 YEAR ENDED DECEMBER 31, 2001	47	0	Montour
0 YEAR ENDED DECEMBER 31, 2001	48	0	Northampton
0 YEAR ENDED DECEMBER 31, 2001	49	0	Northumberland
0 YEAR ENDED DECEMBER 31, 2001	50	0	Perry
0 YEAR ENDED DECEMBER 31, 2001	51	0	Philadelphia
0 YEAR ENDED DECEMBER 31, 2001	52	0	Pike
0 YEAR ENDED DECEMBER 31, 2001	53	0	Potter
0 YEAR ENDED DECEMBER 31, 2001	54	0	Schuylkill
0 YEAR ENDED DECEMBER 31, 2001	55	0	Snyder
0 YEAR ENDED DECEMBER 31, 2001	56	0	Somerset
0 YEAR ENDED DECEMBER 31, 2001	57	0	Sullivan
0 YEAR ENDED DECEMBER 31, 2001	58	0	Susquehanna
0 YEAR ENDED DECEMBER 31, 2001	59	0	Tioga
0 YEAR ENDED DECEMBER 31, 2001	60	0	Union
0 YEAR ENDED DECEMBER 31, 2001	61	0	Venango
0 YEAR ENDED DECEMBER 31, 2001	62	0	Warren
0 YEAR ENDED DECEMBER 31, 2001	63	0	Washington
0 YEAR ENDED DECEMBER 31, 2001	64	0	Wayne
0 YEAR ENDED DECEMBER 31, 2001	65	0	Westmoreland
0 YEAR ENDED DECEMBER 31, 2001	66	0	Wyoming
0 YEAR ENDED DECEMBER 31, 2001	67	0	York

COMPAN CLASS	UT_NUM	YEAREN	PLT_SVC	CWIP	PLT_AQ_ADJ	PLT_HLD_FU
W.P. Wate	C Class C	2000	147,607	0	0	0

MAT_SUPP	DEP_AM_RES	NET_BOOK	CIAC	OP_REV	OP-EXP	DEP_EXP
0	83,022	64,585	0	40516	40621	2061

AMORT_OTR

0

AMORT_PL_AQ

0

FED_INC_TAX

0

ST_INC_TAX

0

TTL_TAXES

0

TTL_OP_EXP OP_INCOME

42682

OTHER_INC

-2166

OTH_DED

0

0

NET_INCOME	RES MET_CUST	RES_UNMET_CU	COMM_MET_CUST
-2166	0	182	0

COMM_UNMET_CUST IND_MET_CUST IND_UNMET_CUPVT_FR_MET_CUST
0 0 0 0

PUB_FR_PRO_CUST SLS_PUB_A_CUST SLS_WAT_UT_ TTL_CUST

0

0

0

182

RES_GAL_MET	RES_GAL_UNMET	RES_REV_MET	RES_REV_UNMET	AV_RES_USE
0	14,366	0	40,516	78.93406593

AV RES BILL
222.6153846