



Brian Ardire

Director, Corporate Counsel

Pennsylvania-American Water Company

800 West Hersheypark Drive, Hershey, PA 17033

P: 717.531.3362 F: 717.531.3399 C: 717.218.4636

brian.ardire@amwater.com

August 20, 2018

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility
Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

In Re: Application of Pennsylvania-American Water Company for approval (1) the transfer, by sale, of substantially all of the Borough of Turbotville's assets, properties and rights related to its wastewater collection and treatment system to Pennsylvania-American Water Company, and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of Turbotville, Northumberland County, Pennsylvania.

Dear Secretary Chiavetta:

On behalf of Pennsylvania-American Water Company, I am e-filing an original copy of the above-referenced Application, together with payment in the amount of \$350 for the Commission's filing fee. A Certificate of Service is also attached.

Very truly yours,



Brian A. Ardire

Enclosures

cc: Office of Consumer Advocate
Office of Small Business Advocate
Department of Environmental Protection
Bureau of Investigation and Enforcement

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In Re: Application of Pennsylvania-American Water Company for approval (1) the transfer, by sale, of substantially all of the Borough of Turbotville's assets, properties and rights related to its wastewater collection and treatment system to Pennsylvania-American Water Company, and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of Turbotville, Northumberland County, Pennsylvania.

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the above-referenced Application upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §1.54:

Service by first class mail addressed as follows on August 21, 2018:

Richard Kanaskie
Bureau of Investigation &
Enforcement
Pennsylvania Public Utility
Commission
Commonwealth Keystone Building
2nd Floor, F West
Harrisburg, PA 17120

Department of Environmental
Protection
North Central Region
208 West Third Street, Suite 101
Williamsport, PA 17701

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

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



Brian Ardire, Esquire
Attorney ID No. 209386
Director Corporate Counsel
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
717-533-5000

Date: 8/20/18

FORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the Borough of Turbotville's Assets, properties and rights related to its wastewater collection and treatment system to Pennsylvania-American Water Company and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of Turbotville, Northumberland County, Pennsylvania.

A-2018-_____

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Pennsylvania-American Water Company ("Pennsylvania-American") hereby respectfully requests that the Pennsylvania Public Utility Commission ("Commission") issue such Orders, Certificates of Public Convenience and other such relief as necessary to evidence its approval under Sections 1102(a) and 507 of the Public Utility Code, 66 Pa.C.S. §§ 1102(a), 507, of: (1) Pennsylvania-American's acquisition of substantially all of the assets, properties and rights of the Borough of Turbotville's ("Borough's") wastewater system related to, or used in connection with, its wastewater collection, treatment and disposal system and (2) Pennsylvania-American's right to offer, render, furnish and supply wastewater service in the areas served by the Borough, pursuant to the Borough's Act 537 Plan dated December 1984.

2. The name and address of the Applicant is:

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

3. The names and address of the Applicant's attorney are:

Brian A. Ardire, Esquire (PA ID #209386)
Susan Simms Marsh, Esquire (PA ID #044689)
Corporate Counsel
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
Telephone: (717) 531-3362
E-mail: brian.ardire@amwater.com
E-mail: susan.marsch@amwater.com

4. Pennsylvania-American is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater and sewage for the public. Water and wastewater service is furnished by Pennsylvania-American to the public in a service territory encompassing more than 400 communities across the Commonwealth with a combined population of approximately 2,300,000. A description of Pennsylvania-American's existing certificated water and wastewater service territory is found in **Exhibit A**, along with a detailed corporate history, outlining all of the mergers, acquisitions and consolidations, which have created Pennsylvania-American as it exists on the date of this Application.

5. The Borough is a public body corporate organized and existing under the laws of the Commonwealth of Pennsylvania. The Borough owns and operates a public sanitary wastewater treatment system providing wastewater collection, treatment and disposal services to the public ("System") in a service territory encompassing the Borough of Turbotville, Northumberland County, Pennsylvania ("Service Area").

6. As of June 30, 2018, the Borough furnishes wastewater service to 269 residential, commercial and municipal customers. The total number of customers by class are as follows:

Residential	243
Commercial	20
Municipal	<u>6</u>
Total Customers	269

7. As of June 30, 2018, Pennsylvania-American furnishes wastewater services to 65,048 residential, commercial, industrial, municipal and bulk customers in Pennsylvania. The total number of customers by class are as follows:

Residential	59,908
Commercial	4,903
Industrial	33
Municipal	193
Bulk	<u>11</u>
Total Customers	65,048

A. TRANSFER BY SALE, OF SUBSTANTIALLY ALL OF THE BOROUGH OF TURBOTVILLE’S ASSETS, PROPERTIES AND RIGHTS RELATED TO ITS WASTEWATER SYSTEM TO PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Transaction

8. On June 29, 2018 the Borough and Pennsylvania-American entered into an Asset Purchase Agreement (collectively, the “APA” or “Agreement”), to sell all of the assets, properties and rights of the Borough’s System (other than the Excluded Assets as defined in Section 1.4 of the APA) to Pennsylvania-American (the “Transaction”) A copy of the APA is attached as **Exhibit B**.

Background Financial Information

9. There is attached hereto the balance sheet of the Borough as of December 31, 2017 **Exhibit C**, which is the latest available, and Pennsylvania-American’s audited balance sheet as of December 31, 2017 **Exhibit D**. Please note that Pennsylvania-American will undertake an original

cost study to determine the original cost and accumulated depreciation of the Borough's wastewater utility plant in service.

10. There is attached hereto the income statement of the Borough for the 12 months ended December 31, 2017 Exhibit E and Pennsylvania-American's audited income statement for the 12 months ended December 31, 2017 Exhibit F.

11. All the annual reports, tariffs, certificates of public convenience, applications, securities certificates and similar documents filed with this Commission by Pennsylvania-American and its predecessors are made a part hereof by reference.

Terms and Impact of the Transaction

12. As noted above, this Application seeks, among other things, approval of the transfer to Pennsylvania-American of substantially all of the wastewater assets, property and rights of the Borough's system. The terms and conditions of the transaction are contained in the executed Agreement between Pennsylvania-American and the Borough Exhibit B. The specific properties, assets and rights to be transferred to Pennsylvania-American are defined and described in Sections 1.1 and 1.2 of the Agreement.

13. The consideration for the transfer of the wastewater system is set forth in the Agreement's Section 2.1. The purchase price \$365,000. The transaction is and was negotiated at arm's length.

14. No investment securities will be transferred in the proposed transaction.

15. Attached hereto is an unaudited pro forma balance sheet of Pennsylvania-American as of December 31, 2017, giving effect to the transfer Exhibit G. As noted in Paragraph 9 above, Pennsylvania-American will undertake by its next base rate case, an original cost study to determine

the original cost and accumulated depreciation of the Borough's wastewater utility plant in service. Once the original cost study is updated and the property's depreciated original cost and book value are finalized, Pennsylvania-American will amend the pro forma balance sheet giving effect to the transfer, accordingly.

16. Attached hereto is an unaudited pro forma consolidated income statement of Pennsylvania-American and the Borough for the 12 months ended December 31, 2017 Exhibit H.

17. Tentative journal entries to record the transfer in Pennsylvania-American's accounts are set forth below, based upon the books of the Borough and the purchase price. However, as stated above, Pennsylvania-American will undertake an original cost study and will establish the depreciated original costs for Borough's utility plant based on the results of the study.

Utility Plant (Net)	\$365,000
Short Term Debt	\$365,000

18. There is attached a certified copy of the resolutions adopted by the Board of Directors of Pennsylvania-American authorizing the execution of the Agreement and the consummation of the proposed transfer Exhibit I. A copy of the resolution adopted by the Borough's Council authorizing the execution of the Agreement is attached as Exhibit J.

Transaction's Effect on Service and Rates

19. The proposed transfer will have no detrimental effect on the service provided to Pennsylvania-American's existing customers or the customers transferred to Pennsylvania-American by the Borough.

20. The Transaction will have a beneficial effect on the customers of the Borough in that they will receive the benefit of Pennsylvania-American's experience in managing and operating

water and wastewater systems which will result in efficiencies impacting rates in a beneficial way and improvements in the service to the customers to be transferred.

21. The Transaction will have a beneficial effect to Pennsylvania-American's existing customers because the acquisition will expand the customer base, over which existing costs are recovered and thereby, stabilizing or reducing per-customer costs over the long term.

22. The Transaction is in the public interest and satisfies the applicable standard of Section 1103 of the Public Utility Code, 66 Pa. C.S. § 1103, for, among other, the following reasons:

a. Pennsylvania-American has the managerial, technical and financial capabilities to safely and adequately operate the Borough's system in compliance with the Public Utility Code, the Clean Streams Law (35 Pa. C.S. §§ 691.1-691.801) and other requisite regulatory requirements, and to make improvements as needed, on a short and long term basis.

b. The acquisition will further the Commission's goal of regionalization. The Borough's wastewater system will become a part of a larger organization that is viable from a costs and rates standpoint and is committed to providing improved service in the future. Any necessary system improvements can be completed within a reasonable period of time, without adversely affecting service to Pennsylvania-American existing customers.

c. The transferred wastewater customers will be served by a large, financially sound company that has the capability to finance necessary capital additions. Given its size, access to capital and its recognized strengths in system planning, capital budgeting and construction management, Pennsylvania-American is well-positioned to ensure that high quality wastewater service meeting federal and state requirements is provided to the Borough's customers and maintained for Pennsylvania-American's existing customers.

d. The transferred wastewater customers will benefit from enhanced customer

service in a number of areas, such as additional bill payment options, extended customer service and call center hours, customer information and education programs, and Pennsylvania-American's customer assistance programs.

e. The integration, by acquisition, of the Borough's wastewater system and Pennsylvania-American's existing operations creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings. The Borough is a stand-alone wastewater system and will be operated and managed from Pennsylvania-American's Milton operations.

23. The Transaction will have no immediate effect on the rates for service to be charged to Pennsylvania-American's existing customers.

24. With regard to the customers to be transferred to Pennsylvania-American by the Borough, there will be no immediate effect on the rates for wastewater service. Prior to Closing, the Borough shall adopt rates for wastewater service as contained in the Asset Purchase Agreement (Exhibit B) contained in Schedule 6.1(j). The Borough's current rates are shown on **Exhibit K**. It should be noted that the Borough bills its customers \$87.00 on a bi-monthly basis per equivalent dwelling unit. Additionally, immediately following closing of the Transaction, the customers being transferred by the Borough to Pennsylvania-American will be subject to Pennsylvania-American's prevailing wastewater tariff on file with, and approved by, the Commission with respect to all rates other than customer charge and consumption charge, including but not limited to capacity reservation fees, return check fees and the like, as well as non-rate related terms and conditions of service, including but not limited to, billing frequency, termination procedures and the like. Pennsylvania-American intends to bill on a monthly basis in lieu of

the Borough's current bi-monthly billing basis. Pennsylvania-American respectfully requests approval from the Commission to make effective upon one day's notice within ten days following the date of closing of the Transaction the rates shown on the pro forma tariff supplement attached hereto as **Exhibit L**.

25. Pennsylvania-American will initially finance the purchase with short-term bank debt, which at the appropriate time will be replaced with the issuance of long-term debt.

26. Pennsylvania-American and the Borough are not affiliated with each other.

27. The Borough is not subject to any special or general assessments outstanding against it pursuant to Section 510 of the Public Utility Code, 66 Pa. C.S. §510.

B. THE RIGHTS OF PENNSYLVANIA-AMERICAN TO OFFER OR FURNISH WASTEWATER SERVICE TO THE PUBLIC IN THE BOROUGH OF TURBOTVILLE, NORTHUMBERLAND COUNTY, PENNSYLVANIA.

28. Pennsylvania-American is currently furnishing water and wastewater services in the service territory outlined in Paragraph 4 of this Application. The Borough is currently furnishing wastewater services in the service territory outlined in Paragraph 5 of this Application.

29. The area served by the Borough's wastewater system is shown on the map in **Exhibit M** and are further described on **Exhibit N**.

30. Letters addressed to the Borough of Turbotville Township Planning Commission and Northumberland County Planning Commission, marked **Exhibit O**, have been sent to verify that this Application complies with county/township comprehensive plans.

31. No corporation, partnership or individual other than the Borough is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by Pennsylvania-American in the Service Area covered by this Application, and no competitive condition will be

created. As part of this Application, Pennsylvania-American has requested approval to acquire, by purchase, all and wastewater assets, properties and rights of the Borough's system (other than the Excluded Assets as set forth in the APA). Upon closing of the Transaction, the Borough will permanently discontinue all wastewater service to the public.

32. The estimated annual revenues and expenses of Pennsylvania-American in the application territory are set forth in Exhibit P.

C. CONCLUSION

33. Approval of this Application is necessary and proper in order for the public now served by the Borough to benefit by receiving wastewater service from a public wastewater supply company with the resources and personnel to provide safe and reliable wastewater service at reasonable prices.

WHEREFORE, Pennsylvania-American respectfully request the Pennsylvania Public Utility Commission approve this Application and issue such Orders, Certificates of Convenience and such other relief under the Public Utility Code, 66 Pa. C.S. §1102(a), 507, authorizing:

- (a) the transfer, by sale, of substantially all the assets, properties and rights of the Borough related to or used in connection with its wastewater system to Pennsylvania-American in accordance with the Agreement, and;
- (b) the commencement by Pennsylvania-American of wastewater service to the public in the Borough of Turbotville, Northumberland County, Pennsylvania;
- (c) the adoption of the customer charge and volumetric rates as shown on the *pro forma* tariff supplement attached hereto as Exhibit J, to be made effective upon one day's notice, and the implementation of all other rates, and the rules and regulations regarding conditions of Pennsylvania-American's wastewater service,

as reflected in Pennsylvania-American's prevailing wastewater tariff, to become effective upon the closing of the Transaction; and

- (d) the issuance of any other approvals or certificates appropriate, customary, or necessary under the Public Utility Code, including Section 507, 66 Pa. C.S. § 507, to carry out the Transaction contemplated in this Application in a lawful manner.

Respectfully submitted,



Brian A. Ardire, Esquire (PA ID# 209386)
Susan Simms Marsh, Esquire (PA ID# 044689)
Corporate Counsel for
Pennsylvania-American Water Company
800 West Hershey Park Drive
Hershey, PA 17033
Telephone: (717) 531-3362
E-mail: brian.ardire@amwater.com
E-mail: susan.marsh@amwater.com

Dated: Aug 20, 2018

Exhibit A

PENNSYLVANIA-AMERICAN WATER COMPANY

Pennsylvania-American Water Company, an investor-owned water company, with corporate offices at 800 West Hershey Park Drive, Hershey, is a subsidiary of American Water Works Company, Inc. On February 1, 1989, the then-existing Pennsylvania-American Water Company (the result of the January 1, 1987 merger of Riverton Consolidated Water Company with and into Keystone Water Company) was merged with and into Western Pennsylvania Water Company, and the name of the surviving corporation was changed to Pennsylvania-American Water Company. A brief summary of each of the three predecessor companies follows.

Riverton Consolidated Water Company was formed by the merger and consolidation of six operating water companies in 1904. It subsequently acquired seven additional systems, and at the time of its merger with Keystone, supplied water to 12 municipalities on the Harrisburg west shore, Cumberland County, and Fairview Township in York County.

Keystone Water Company resulted from the 1973 merger of 14 companies with and into White Deer Mountain Water Company. The Company later acquired four systems. It provided water service in 14 eastern Pennsylvania counties through the following distribution systems: Abington, Bangor, Berwick, Frackville, Hallstead, Hershey/Palmyra, Montrose, Moshannon Valley, Norristown, Northumberland, Susquehanna, Thompson, White Deer (Milton), and Yardley.

Western Pennsylvania Water Company was the product of the merger of 16 water companies with and into South Pittsburgh Water Company at various times from 1970 to 1973. WPW added seven water distribution systems, extending its service territory into portions of 12 western Pennsylvania counties. The company operated through the following district offices: Butler, Clarion, Connellsville, Ellwood, Indiana, Kane, Kittanning, McDonald, Mon Valley, New Castle, Pittsburgh, Punxsutawney, Uniontown, Warren, and Washington.

After the merger of Riverton and Keystone in 1987, the former Pennsylvania-American Water Company purchased five systems: Red Land Water Company in York County, Campbelltown Water Company in Lebanon County, and three systems in the Moshannon Valley area, Clearfield County - Woodland-Bigler Area Authority, Allport Water Authority, and Graham Water Association.

Since the merger of the former Pennsylvania-American Water Company (Riverton and Keystone) into Western Pennsylvania Water Company on February 1, 1989, the Company has acquired the following water and wastewater systems: Smith Township Municipal Authority system (Washington County, February 27, 1989); Abington Township system (Lackawanna County, August 5, 1989); Summit Township Municipal Authority system (Butler County, August 31, 1993); Skyline Water Company (Dauphin County, December 2, 1993); Gregg Township Municipal Authority system (Union County, April 25, 1994); P-F Area Water Association system (Washington County, October 1, 1994); Country Place Water Company, Inc. and Country Place Waste Treatment Company, Inc. (Monroe County, June 30, 1995); Hickory Water Company, Pocono Farms East Water Company, Inc., and Silver Water Company (Monroe and Pike Counties, December 21, 1995); the water utility assets of Pennsylvania Gas and Water

Company (Lackawanna, Luzerne, Susquehanna and Wayne Counties, February 16, 1996); the Municipal Authority of the Township of Morris system (Clearfield County, April 24, 1996); Westford Water Company (Dauphin County, August 2, 1996); Lackawanna County Water System at Montage (Lackawanna County, April 11, 1997); Clarion Township General Authority (Clarion County, January 28, 1998); Fairview Water Company, National Utilities, Inc.-Pocono Division, and Pocono Mountains Industrial Park Authority (Monroe County, May 7, 1998); Coolbaugh Township-Fire System (Monroe County, July 28, 1998); Greene Valley Water Company (Lackawanna County, August 28, 1998); Franklin Manor Utilities, Ltd. (Washington County, September 22, 1998); Taylor Township (Lawrence County, December 21, 1998); Evansburg Water Company (Montgomery County, December 30, 1998); Applewold Borough (Armstrong County, March 26, 1999); Cedar Grove Water Association (Washington County, July 8, 1999); Independence Township Municipal Authority (Washington County, July 8, 1999); Koppel Borough (Beaver County, November 5, 1999); Center Township (Butler County, December 30, 1999); Strattanville Borough (Clarion County, April 6, 2000); Franklin Township Municipal Authority (Beaver County, August 30, 2000); Elk Forest Estates (Wayne County, November 18, 2000); T.O.W. Associates (Butler County, February 13, 2001); City of Coatesville Authority (Chester and Lancaster Counties, March 22, 2001); Fox Knoll Water Company (Chester County, April 26, 2001); Butler Township Area Water and Sewer Authority (Butler County, April 27, 2001); Citizens Utilities Water Company of Pennsylvania (Adams, Berks, Chester, Monroe, Montgomery and Northampton Counties, January 15, 2002); LP Water & Sewer Company (Monroe and Pike Counties, April 3, 2002); Mid-Monroe Water Company (Monroe County, August 23, 2002); West Decatur Authority (Clearfield County, March 31, 2003); Rustic Acres Water Association (Pike County, September 30, 2003); Sandy Ridge Water Authority (Center County, October 14, 2003); Connoquenessing Borough Authority (Butler County, October 23, 2003); Skytop Water Company (Luzerne County, December 3, 2003); Sligo Borough Authority (Clarion County, August 31, 2004); Snowshoe at Mt. Pocono Condominiums, Inc. (Monroe County, February 24, 2005); Shipperville Municipal Authority (Clarion County, March 31, 2005); Blue Mountain Lake Associates, L.P. (Monroe County, October 31, 2005); East Fallowfield Township (Chester County, December 22, 2005); Stillwater Lakes Water Corporation (Monroe County, January 17, 2006); Winona Lakes Utilities, Inc. (Monroe and Pike Counties, January 26, 2006); Saville Rustin Water Company, Inc./Pine Ridge Community Association, Inc. (Pike County, March 29, 2006); Lexington Woods Corporation (Monroe County, July 24, 2006); Community Association of Pocono Farms, Incorporated (Monroe County, July 31, 2006); Redstone Water Company (Fayette and Washington Counties, March 20, 2007); Mountain Top Estates Property Owners Association (Monroe County, May 30, 2008); Claysville-Donegal Joint Municipal Authority (Washington County, July 31, 2008); Three Lane Utilities, Inc. (Pike County, September 10, 2008); Clarion Area Authority (Clarion County, October 30, 2008); Boggs Township (Centre County, September 10, 2009); Amwell Township Water Authority (Washington County, September 23, 2009); Wallaceton Municipal Authority (Clearfield County, October 1, 2009); Saxonburg Area Authority (Butler County, October 28, 2009); Nittany Water Company (Centre and Clinton Counties, February 3, 2010); Sutton Hills Homeowners Association (Luzerne County, May 5, 2010); Birch Acres Water Works, Inc. (Monroe County, December 7, 2010); Helen Norella and Louis & Isabelle Norella (Lackawanna County, October 5, 2011); Wildcat Park Corporation (Schuylkill County, November 17, 2011); Estate of George Spangenberg d/b/a Lake Spangenberg Water Company (Lackawanna County, May 3, 2012); North Fayette County Municipal Authority-Balsinger Public Water System and Springfield Pike Public Water System

(Fayette County, October 4, 2012); All Seasons Water Company (Pike County, December 20, 2012); Ha Ra Corporation-Fernwood Community Water System (Monroe County, December 31, 2012); Olwen Heights Water Service Company, Inc. (Lackawanna County, February 4, 2013); Indian Rocks Water Association (Wayne County, March 13, 2013); Koppel Borough (Beaver County, May 31, 2013); Pocono Mountain Lake Forest Community Association (Pike County, July 22, 2013); Clean Treatment Sewage Company (Pike County, August 21, 2013); Franklin Township Municipal Authority (Adams County, August 29, 2013); Berry Hollow Water Company (Northampton County, April 3, 2014); Scott Township (Lackawanna County, May 22, 2014); Paint-Elk Joint Sewer Authority (Clarion County, July 31, 2014); Hamiltonban Township Municipal Authority (Adams County, November 3, 2014); Abbey Woods Homeowners Association (Butler County, July 14, 2015); Shippenville Borough (Clarion County, August 4, 2015); Paint Township Municipal Water Authority (Clarion County, October 15, 2015); McEwensville Municipal Authority (Northumberland County, October 21, 2015); Fairview Township (York County, December 22, 2015); Borough of New Cumberland (Cumberland County, October 31, 2016); Sewer Authority of the City of Scranton (Lackawanna County, December 29, 2016) and The Municipal Authority of the City of McKeesport (Allegheny County, December 18, 2017). On July 2, 1990, Brownsville Water Company (Fayette County) and California Water Company (Washington County) were acquired and merged into the Company. On June 16, 1992, the former Forge Road Acres water system (Cumberland County) was sold to South Middleton Township. On March 24, 2003, Salisbury Water Supply Company (State of Massachusetts) was acquired and merged into the Company.

As a result of the various mergers and acquisitions, the Company furnishes water service to about 659,466 customers in the following municipalities:

All, or portions of, the Townships of Mount Joy, Mount Pleasant and Straban in Adams County;

All, or portions of, the Cities of Clairton and Pittsburgh (16th, 18th, 19th, 20th, 28th, 29th, 30th, 31st and 32nd Wards), the Boroughs of Baldwin, Bethel Park, Brentwood, Bridgeville, Carnegie, Castle Shannon, Crafton, Dormont, Dravosburg, Elizabeth, Glassport, Greentree, Heidelberg, Homestead, Ingram, Jefferson, Liberty, Lincoln, Mount Oliver, Munhall, Pleasant Hills, Rosslyn Farms, Thornburg, West Elizabeth, West Homestead, West Mifflin, Whitaker and Whitehall and the Townships of Baldwin, Collier, Elizabeth, Forward, Mt. Lebanon, North Fayette, Robinson, Scott, South Fayette, South Park and Upper St. Clair in Allegheny County;

All, or portions of, the Boroughs of Applegold and Kittanning and the Townships of Manor and Rayburn in Armstrong County;

All, or portions of, the Boroughs of Big Beaver, Ellwood City, Frankfort Springs and Koppel and the Townships of Franklin, Hanover and North Sewickly in Beaver County;

All, or portions of, the Boroughs of Sinking Spring, St. Lawrence and Wyomissing and the Townships of Amity, Cumru, Earl, Exeter, Lower Heidelberg, Ruscombmanor, South Heidelberg and Spring in Berks County;

All, or portions of, the Borough of Yardley and the Townships of Falls and Lower Makefield in Bucks County;

All, or portions of, the City of Butler, the Boroughs of Connoquenessing, East Butler and Saxonburg and the Townships of Butler, Center, Clinton, Connoquenessing, Donegal, Forward, Franklin, Jackson, Jefferson, Lancaster, Oakland, Penn and Summit in Butler County;

All, or portions of, the Boroughs of Philipsburg and South Philipsburg and the Townships of Boggs, Rush and Walker in Centre County;

All, or portions of, the City of Coatesville, the Boroughs of Atglen, Parkesburg, South Coatesville and Spring City and the Townships of Caln, East Coventry, East Fallowfield, East Pikeland, East Vincent, Highland, Sadsbury, Schuylkill, Valley, West Caln, West Sadsbury and West Vincent in Chester County;

All, or portions of, the Boroughs of Clarion, Shippenville, Sligo and Strattanville and the Townships of Clarion, Elk, Farmington, Highland, Knox, Limestone, Monroe, Paint and Piney in Clarion County;

All, or portions of, the Boroughs of Chester Hill, Osceola Mills and Wallacetown and the Townships of Boggs, Bradford, Decatur, Graham and Morris in Clearfield County;

All, or portions of, the Township of Porter in Clinton County;

All, or portions of, the Boroughs of Berwick and Briar Creek and the Township of Briar Creek in Columbia County;

All, or portions of, the Boroughs of Camp Hill, Lemoyne, New Cumberland, Shiremanstown and Wormleysburg and the Townships of East Pennsboro, Hampden, Lower Allen, Silver Spring and Upper Allen in Cumberland County;

All, or portions of, the Townships of Conewago, Derry, Londonderry, South Hanover and West Hanover in Dauphin County;

All, or portions of, the Cities of Connellsville and Uniontown, the Boroughs of Brownsville and South Connellsville and the Townships of Brownsville, Bullskin, Connellsville, Dunbar, German, Jefferson, Luzerne, Menallen, North Union, Redstone and South Union in Fayette County;

All, or portions of, the Borough of Indiana and the Township of White in Indiana County;

All, or portions of, the Boroughs of Big Run and Punxsutawney and the Townships of Bell, Gaskill, Henderson, McCalmont and Young in Jefferson County;

All, or portions of, the Cities of Carbondale and Scranton, the Boroughs of Archbald, Blakely, Clarks Green, Clarks Summit, Dalton, Dickson City, Dunmore, Jermyn, Jessup, Mayfield, Moosic, Old Forge, Olyphant, Taylor, Throop and Vandling and the Townships of Carbondale, Fell, Glenburn, Jefferson, North Abington, Roaring Brook, Scott and South Abington in Lackawanna County;

All, or portions of, the Borough of Quarryville and the Townships of Bart, Colerain, Eden and Sadsbury in Lancaster County;

All, or portions of, the City of New Castle; the Boroughs of Ellport, Ellwood City, New Beaver and South New Castle and the Townships of Hickory, Mahoning, Neshannock, North Beaver, Perry, Shenango, Taylor, Union and Wayne in Lawrence County;

All, or portions of, the Borough of Palmyra and the Townships of Annville, North Annville, North Londonderry, South Annville and South Londonderry in Lebanon County;

All, or portions of, the Cities of Nanticoke, Pittston and Wilkes-Barre, the Boroughs of Ashley, Avoca, Courtdale, Dallas, Dupont, Duryea, Edwardsville, Exeter, Forty Fort, Hughestown, Kingston, Laflin, Larksville, Laurel Run, Luzerne, Nescopeck, Plymouth, Pringle, Shickshinny, Sugar Notch, Swoyersville, Warrior Run, West Pittston, West Wyoming, Wyoming and Yatesville and the Townships of Conyngham, Fairview, Hanover, Hunlock, Jackson, Jenkins, Kingston, Newport, Pittston, Plains, Plymouth, Rice, Salem, Union, Wilkes-Barre and Wright in Luzerne County;

All, or portions of, the Borough of Kane and the Township of Wetmore in McKean County;

All, or portions of, the Borough of Mount Pocono, the Townships of Coolbaugh, Hamilton, Middle Smithfield, Ross, Smithfield and Stroud and the Village of Tobyhanna in Monroe County;

All, or portions of, the Boroughs of Bridgeport, Norristown and Royersford and the Townships of East Norriton, Limerick, Lower Pottsgrove, Lower Providence, Perkiomen, Plymouth, Skippack, Upper Merion, Upper Providence, West Norriton, Whitmarsh, Whitpain and Worcester in Montgomery County;

All, or portions of, the Boroughs of Bangor, Nazareth, Pen Argyl, Roseto, Stockertown, Tatamy and Wind Gap and the Townships of Bushkill, Forks, Lower Mount Bethel, Lower Nazareth, Palmer, Plainfield, Upper Mount Bethel, Upper Nazareth and Washington in Northampton County;

All, or portions of, the Boroughs of McEwensville, Milton, Northumberland and Watsonstown and the Townships of Delaware, East Chillisquaque, Point, Turbot, Upper Augusta and West Chillisquaque in Northumberland County;

Portions of the Townships of Delaware, Lehman and Westfall in Pike County;

All, or portions of, the Borough of Frackville and the Townships of Butler, Mahanoy, New Castle, Walker and West Mahanoy in Schuylkill County;

All, or portions of, the Boroughs of Forest City, Great Bend, Hallstead, Lanesboro, Montrose, Susquehanna and Thompson and the Townships of Bridgewater, Great Bend, Harmony and Oakland in Susquehanna County;

All, or portions of, the Borough of Lewisburg and the Townships of Buffalo, East Buffalo, Gregg, Kelly and White Deer in Union County;

All, or portions of, the City of Warren and the Townships of Conewango, Glade, Meade, and Pleasant in Warren County;

All, or portions of, the Cities of Monongahela and Washington and the Boroughs of Burgettstown, California, Canonsburg, Claysville, Coal Center, East Washington, Finleyville, Houston, McDonald, Midway, New Eagle, West Brownsville and West Middletown and the Townships of Amwell, Buffalo, Canton, Carroll, Cecil, Chartiers, Cross Creek, Donegal, East Finley, East Pike Run, Fallowfield, Hanover, Hopewell, Independence, Jefferson, Morris, Mount Pleasant, North Franklin, North Strabane, Nottingham, Peters, Robinson, Smith, Somerset, South Franklin, South Strabane and Union in Washington County;

Portions of the Townships of Clinton and Salem in Wayne County; and

All, or portions of, the Townships of Fairview and Newberry in York County.

As a result of acquisitions, the Company furnishes wastewater service to about 65,048 customers in the following municipalities:

Portions of, the Townships of Franklin, Hamiltonban and Highland in Adams County;

All, or portions of, the Cities of Duquesne and McKeesport and the Boroughs of Dravosburg, Port Vue and West Mifflin in Allegheny County;

All of the Borough of Koppel in Beaver County;

All, or portions of, the City of Coatesville, the Boroughs of Parkesburg and South Coatesville and the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury in Chester County;

All, or portions of, the Boroughs of Clarion and Shippenville and the Townships of Clarion, Elk, Monroe and Paint in Clarion County;

All, or portions of, the Borough of New Cumberland and the Township of Lower Allen in Cumberland County;

All of the City of Scranton and the Borough of Dunmore in Lackawanna County;

Portions of the Townships of Coolbaugh, Middle Smithfield, Smithfield and Stroud in Monroe County;

All of the Borough of McEwensville in Northumberland County;

Portions of the Townships of Delaware and Lehman in Pike County;

All, or portions of, the Borough of Claysville and the Township of Donegal in Washington County; and

A portion of the Township of Fairview in York County.

[404 municipalities in 36 counties.]

07/01/2018

Exhibit B

ASSET PURCHASE AGREEMENT
BETWEEN
BOROUGH OF TURBOTVILLE/MUNICIPAL AUTHORITY OF THE BOROUGH OF
TURBOTVILLE
AND
PENNSYLVANIA-AMERICAN WATER COMPANY

JUNE 29, 2018

Exhibit B

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE Agreement (“**Agreement**”), dated as of the 29 day of June , 2018 by and among the Borough of Turbotville, a municipality organized and existing under the laws of the Commonwealth of Pennsylvania, having a mailing address of 267 Broadway Street, Turbotville, Pennsylvania 17772 (“**Borough**”) and the Municipal Authority of the Borough of Turbotville, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, having a mailing address of 267 Broadway Street, Turbotville , Pennsylvania 17772 (“**Authority**”) (with Borough and Authority being jointly and severally obligated under this Agreement and jointly referred to as “**Seller**” unless otherwise noted), and Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with a business address of 800 W. Hersheypark Drive, Hershey, Pennsylvania 17033 (“**PAWC**”).

RECITALS

A. Borough owns, maintains and operates a wastewater system located within the Borough of Turbotville, Northumberland County, Pennsylvania, identified with the Pennsylvania Department of Environmental Protection’s National Pollutant Discharge Elimination System (NPDES) identification number PA0028100. The Service Area for this system is consistent with the Borough’s Act 537 Service Area and is identified on **Schedule A**.

B. Authority owns, maintains and operates a water system located within the Borough of Turbotville and a portion of the Township of Lewis, Northumberland County, Pennsylvania, identified with the Pennsylvania Department of Environmental Protection’s Public Water Supply Identification number PA4900501. The Service Area defined by the Authority for this system is identified on **Schedule B**.

C. Collectively the Borough and Authority’s systems are hereinafter referred to as “**Systems**”, unless otherwise noted.

D. PAWC is a regulated public utility that furnishes water and wastewater services to the public in various counties throughout Pennsylvania, including Northumberland County, as reflected in PAWC’s duly-filed and effective tariff, as may be amended from time to time upon application by the Company or as ordered by the Pennsylvania Public Utility Commission (“**Tariff**”); and

E. Seller desires to sell, and PAWC desires to purchase the Systems, as well as substantially all assets, properties and rights of Seller owned and used in connection with the Systems, upon the terms and conditions set forth herein.

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

ARTICLE 1

THE TRANSACTION

1.1 Sale and Purchase of Assets. Subject to the terms, representations and conditions set forth in this Agreement, PAWC shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and

deliver to PAWC at Closing (hereinafter defined), the Assets. The term “**Assets**” means all of the assets, properties and rights of Seller (whether tangible, intangible, real, personal or mixed) that are held or used in connection with the Systems, as defined in Paragraph 1.2 hereafter. The Assets shall be sold free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any and all nature (collectively, the “**Encumbrances**”).

1.2 Assets Further Defined.

The Assets shall, without limitation to the definition stated above, include the following:

(a) the Assigned Contracts (as defined in **Section 5.1(c)**);

(b) all interests in real estate (excepting public streets and alley-ways), mains, pipes, pipelines, manholes, facilities, meters, tanks, storage facilities, valves, hydrants, water system network and related appurtenances, wastewater system collection network and related appurtenances, water sources and related treatment facilities, wastewater treatment and disposal facilities, structures, improvements, fixtures, rights-of-way, rights, uses, franchises, licenses and easements owned by Seller and relating to the Systems, or in which Seller has an interest, and all hereditaments, tenements and appurtenances belonging, appertaining or relating thereto;

(c) all machinery, equipment, tools, keys and locks, leasehold improvements, goods, and other tangible personal property relating to the Systems owned by Seller, or in which Seller has an interest;

(d) all rights of Seller under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate, or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization, relating to the Systems except as set forth in Paragraph 1.4 hereof;

(e) all rights and choses in action of Seller arising out of occurrences before or after the Closing relating to the Assets, including any rights of Seller under any warranties or insurance claims related to the Assets; and

(f) copies of all information, files, records, data, geographic information system data, plans, contracts and recorded knowledge relating to the Assets, including customer and supplier lists and property records, related to the foregoing.

1.3 Retained Liabilities.

(a) Except as explicitly provided in **Section 1.3(b)** below, PAWC shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever (including any obligations related to the Assets or operation of the Systems), whether express or implied, fixed or contingent, known or unknown at the time of Closing. Except as explicitly provided in **Section 1.3(b)** below, all of Seller’s liabilities and obligations, whether incurred in connection with the operation of the Systems, ownership of the Assets or otherwise, shall remain the sole responsibility of, and shall be retained, paid, performed and discharged solely by Seller. Without limiting the foregoing, Seller shall be and shall remain liable for all obligations and liabilities relating to (i) employees of Seller (including those who worked on the Systems) and any employee benefits related thereto (including any pension benefits), (ii) all taxes on the business of Seller, (iii) accounts payable of the Seller, and (iv) failure to comply with any Environmental Laws or any Permits for the Assets or operation of the Systems on or before the Closing Date.

(b) Following the Closing, PAWC shall assume only those contractual liabilities arising after the Closing Date under the Assigned Contracts (specifically excluding any liability under the Assigned Contracts arising out of or relating to a breach or other circumstances that occurred on or prior to the Closing Date).

1.4 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, the Assets shall not include any of the following:

(a) Any and all connecting facilities (customer's water lines) originating from Seller's terminus point of the water supply lines or mains at the curb-line or edge-of-road to and throughout the customer's property (the "**Customer Service Lines**");

(b) Any and all connecting facilities (customer's sewer laterals) originating from Seller's terminus point of the collection facilities at the curb-line or edge-of-road to and throughout the customer's property (the "**Customer Sewer Laterals**");

(c) Any and all piping and fixtures internal to each individual customer's structure (whether residential, commercial, industrial or other types);

(d) Seller's cash on hand on the date of Closing, bank accounts, certificates of deposit, investments and any monetary refunds or entitlements to which Seller is entitled as of the date of Closing and Seller's account receivables related to the Systems for services rendered through the close of business on the Closing Date;

(e) All rights of Seller under this Agreement and related Bill of Sale and Assignment of Contracts Agreement as it pertains to the transfer and sale herein contemplated; and

(f) the specific assets, properties and rights of Seller set forth on **Schedule 1.4**.

1.5 Accounts Receivable. Accounts receivable for water and wastewater services related to the Systems rendered through the close of business on the Closing Date shall be excluded assets as per **Section 1.4**, and accounts receivable for water and wastewater services related to the Systems rendered thereafter shall belong to PAWC.

1.6 Warranty. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, INCLUDING ANY REPRESENTATION AS TO THE PHYSICAL CONDITION OR VALUE OF ANY OF THE ACQUIRED ASSETS OR THE SYSTEM, OR THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ACQUIRED ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ACQUIRED ASSETS. ALL IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED; NOTWITHSTANDING THE FOREGOING, THE SELLER IS NOT AWARE, AS OF THE CLOSING DATE, OF ANY DEFECT IN THE PERFORMANCE OR OPERATION OF THE PHYSICAL ASSETS CONSTITUTING THE SYSTEM.

ARTICLE 2

PURCHASE PRICE

2.1 Purchase Price for the Assets. Subject to the terms and conditions of this Agreement, the purchase price (the “**Purchase Price**”) for the Assets shall be THREE HUNDRED AND SIXTY FIVE THOUSAND DOLLARS (\$365,000) for the Wastewater System payable to the Borough of Turbotville, and the sum of SIX HUNDRED AND THIRTY FIVE THOUSAND DOLLARS (\$635,000) for the Water System payable to the Municipal Authority of Turbotville and shall be payable directly to Seller on the Closing Date by wire transfer.

2.2 Purchase Price Adjustments. Sellers maintain separate accounts and any payments made in advance by either Seller’s water or wastewater customers for post-Closing service will be apportioned at Closing. PAWC shall receive a credit toward the Purchase Price in **Section 2.1** (starting with credit toward the Cash Payment) at Closing for the prorated amount of such advance payments for the period of the payment that is intended to follow Closing.

ARTICLE 3

THE CLOSING

3.1 Closing Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Assets (“**Closing**”) shall take place at the offices of the Borough of Turbotville, or such other mutually agreed upon location, commencing, on or before the later to occur of: (a) within thirty (30) days following the date on which all of the conditions set forth in **Articles 6, 7 and 8** of this Agreement have been met (or waived). The date of the Closing is referred to herein as the “**Closing Date**”.

3.2 Deliveries and Proceedings at Closing.

(a) Subject to the terms and conditions of this Agreement, at the Closing, Seller shall deliver or cause to be delivered to PAWC:

- (i) Bills of Sale and instruments of assignment duly executed by Seller as necessary to transfer all of the Assets to PAWC, including an assignment of contracts agreement covering the assignment and assumption of the Assigned Contracts in substantially the form of **Exhibit A (“Assignment of Contracts Agreement”)**;
- (ii) A copy of each permit, license, easement, land-right and other necessary authority for the operation of the Systems and the Assets, in each case validly issued in the name of the Seller, and showing in full force and effect;
- (iii) The consents to transfer all Assigned Contracts, leases, intellectual property, Permits, licenses and other Assets requiring such consents to be transferred to PAWC;
- (iv) All written consents (of third parties or otherwise) and governmental approvals necessary to ensure that the PAWC will continue to have the same full rights with respect to the Assets that Seller had immediately prior to the Closing;
- (v) Evidence satisfactory to PAWC of the transfer of all utilities (necessary to operate the Systems’ components) with respect to the Systems from Seller to PAWC in accordance with **Section 6.1(b)** below;

- (vi) One or more General Warranty Deeds of conveyance of the real estate and easements (including well-head protection easements, where applicable) to PAWC, provided by PAWC but duly executed and acknowledged by Seller and in recordable form, each sufficient to convey the title and rights of access to the Assets;
- (vii) Such other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be necessary to operate the System in PAWC's sole and absolute discretion, each in form that will be provided by PAWC;
- (viii) Certified copies of all ordinances ("**Ordinances**") and all resolutions ("**Resolutions**") duly adopted by the Seller authorizing the execution, delivery and performance of this Agreement and all related agreements and the transactions contemplated hereby and thereby;
- (ix) As applicable, a payoff letter from each lender (whether institutional or otherwise) from which Seller has incurred indebtedness or borrowed money that is outstanding, and a release of all Encumbrances relating to the Assets (along with Form UCC3 Financing Statements effectuating a termination of all outstanding financing statements covering the Assets) executed, filed and/or recorded by the holder of or parties to each such Encumbrance , if any, in each case in substance and form reasonably satisfactory to PAWC and its counsel;
- (x) The certificates and other documents required to be delivered by Seller under this Agreement as set forth in **Section 8.1** hereof;
- (xi) The Opinions of Sellers' Counsel as set forth in **Section 8.1(f)** hereof; and
- (xii) All such other agreements, documents and instruments of conveyance required by this Agreement or as shall, in the reasonable opinion of PAWC and its counsel, be necessary to transfer the Assets to PAWC in accordance with this Agreement, and where necessary, in recordable form.

(b) Subject to the terms and conditions of this Agreement, at the Closing, PAWC shall deliver or cause to be delivered to Seller:

- (i) The Purchase Price, which shall be delivered pursuant to **Section 2.1** hereof;
- (ii) Certified copies of any resolutions duly adopted by the PAWC's Board of Directors authorizing the execution, delivery and performance of this Agreement; and
- (iii) The certificates and other documents required to be delivered by PAWC under this Agreement as set forth in **Section 8.2** hereof.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SELLER

4.1 **Seller's Representations.** Seller hereby represents and warrants to PAWC as follows:

(a) Organization; Legal Authority. The Borough is a duly organized municipality of the Commonwealth of Pennsylvania, validly existing, solvent, and in good standing under the laws of the Commonwealth of Pennsylvania, and Borough has the full power and lawful authority to transfer to PAWC the rights, title and interest in and to the Assets. The Authority is a duly organized municipality authority of the Commonwealth of Pennsylvania, validly existing, solvent, and in good standing under the laws of the Commonwealth of Pennsylvania, and Authority has the full power and lawful authority to transfer to PAWC the rights, title and interest in and to the Assets.

(b) Assets Ownership. Seller has clear, good, and marketable right and title to, or a valid leasehold interest in, all of the assets, property and facilities comprising the Assets, free and clear of all Encumbrances. **Schedule 4.1(b)** denotes all Assets that are subject to a leasehold interest (i.e., not owned by Seller). None of the Assets are leased or on loan by Seller to any third party. The Assets constitute all of the assets, property and facilities that, together with the rights granted or conveyed under the transaction documents, are necessary for the operation of the Systems, the business thereof, and the Assets as conducted as of the date hereof. Upon the Closing, PAWC shall continue to be vested with good title or a valid leasehold interest in the Systems and all of the Assets.

(c) Financial Statements. The Seller's Financial Statements that have been made available to PAWC by Seller have been prepared by Seller in accordance with generally accepted accounting principles consistently applied ("**GAAP**") (subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes). The Financial Statements were prepared from the books and records of Seller, are true, correct and complete and present fairly in all material respects the financial condition, operating results and cash flows of Seller as of the dates and during the periods indicated therein (subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes).

(d) Due Authorization; Valid and Binding; No Encumbrances. Seller has the full power and lawful authority to enter into this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and thereby. Seller has duly and validly authorized the execution and delivery of this Agreement (which has been duly executed and delivered) and all related documents and agreements to which Seller is a party by all necessary proceedings, and this Agreement and all related documents and agreements constitute the valid and binding obligations of Seller enforceable against it in accordance with its terms. No filings or registrations with, notifications to, or authorizations, consents or approvals of, a governmental authority or third party are required to be obtained or made by Seller in connection with the execution, delivery or performance by Seller of this Agreement, all related agreements, or the consummation by Seller of the transactions contemplated herein or therein. Neither the contemplated transactions, nor this Agreement will result in the creation of any Encumbrance against any of the Assets.

(e) Current Operations. Seller has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, licenses, Permits, regulatory authorizations and other instruments required to conduct the operations of the Systems as it has been and is now being conducted and to own and operate the Assets.

(f) No Approvals or Violations. Except for the approval of the Pennsylvania Public Utility Commission ("**PUC**") as noted in **Section 7.1** hereafter, this Agreement does not require any further approvals of any other party, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any contract, lease or Permits to which Seller is a party or is otherwise bound or affected, or by which the Assets may be bound or affected. The

execution and delivery of this Agreement and all related documents and agreements, and the consummation of the transactions contemplated hereby and thereby, do not violate, conflict with or result in the breach of any term, condition or provision of Seller's articles of incorporation, bylaws or other governing documents, or any instrument, contract, lease, agreement, Permits, certificate or other document to which Seller is a party or is otherwise bound or affected, or by which the Assets may be bound or affected.

(g) Accounts Receivable. All account receivable being retained by Seller under **Section 1.5** (whether billed or unbilled) (collectively, the "**Retained Accounts Receivable**"), are valid, genuine and existing and arose (or will have arisen on or prior to Closing) from bona fide sales of products or services actually made in the ordinary course of business on or prior to the Closing Date. All products and services with regard to the Retained Accounts Receivable have been provided by Seller (and no further obligations exist), and no offset, agreement for deduction, free goods, discount or deferred price or quantity adjustment has been made with respect to any Retained Accounts Receivable (or with respect to PAWC's accounts receivable for the period after Closing).

(h) Free Service; Customer List; Prepayments. Seller has not entered into any agreements or other understandings for the provision of free or otherwise subsidized or discounted services to any parties. The data contained in the customer records provided to PAWC under **Section 6.1(i)** is true and accurate in all material respects. Seller has not received payments made in advance by any third party (including Seller's customers) for future service (including service after the Closing) with regard to the Systems or the Assets.

(i) Undisclosed Liabilities. Except as set forth in **Schedule 4.1(i)**, there are no material liabilities or obligations of Seller, either accrued, absolute, liquidated or unliquidated, contingent or otherwise, relating to the Assets that would be required to be set forth on a balance sheet prepared under GAAP (applicable to municipalities), other than liabilities incurred in the ordinary course. There is no basis for any claim against Seller, the Systems or any of the Assets for any such liability or obligation, and there is no basis for any such liability or obligation to become the liability or obligation of PAWC from and after the Closing.

(j) Condition of Assets. To the best of Seller's knowledge and belief, all the tangible property included within the Assets is in good operating condition and repair, is usable in the regular course of business and conforms to all applicable laws, ordinances, codes, Permits, rules and regulations relating to their construction, use and operation, and is free from any defects except such defects as do not materially interfere with the continued use thereof in the conduct of the Systems' operations.

(k) Contracts. **Schedule 4.1(k)** contains a true, complete and accurate list of all agreements (including all verbal agreements and intermunicipal agreements), contracts, leases (including any leasehold interests constituting part of the Assets as described in **Section 4.1(b)**), licenses, commitments, arrangements and instruments related to the Assets to which Seller is a party or the Assets are otherwise subject or bound, along with all amendments and addenda related thereto (collectively, the "**Contracts**"). **Schedule 4.1(k)** also identifies with an asterisk any Contract which requires consent to, or prohibits, assignment of the Contract. All Contracts are in full force and effect and are valid and enforceable in accordance with their terms, and the parties thereto are in material compliance with the provisions thereof, and there exists no event or condition which with the giving of notice or lapse of time, or both, would constitute a default thereunder. Seller has received, or will receive prior to the Closing, the written consent of each party to the Assigned Contracts designated on **Schedule 4.1(k)** as requiring consent to the assignment, or otherwise complied with Seller's obligations under **Section 6.1(b)** hereof. Seller has delivered to PAWC correct and complete copies of those Contracts requested by PAWC, as well as copies of the requisite assignments for each of the Assigned Contracts which effectuates the transfer of the Assigned Contracts to PAWC as of the Closing Date. Except

as disclosed on **Schedule 4.1(k)(i)**, Seller is not a party to any contract nor subject to any arrangement for future payment of refunds under any extension agreement, customer deposit agreement or similar arrangement (including any prepaid tap fee) with respect to the Assets or the Systems.

(l) **Adequacy of Property Rights; Real Property and Easements.**

- (i) Seller possesses all property rights necessary to operate the Assets, and Seller owns and has good and marketable title to the real property, free and clear of all options, leases, covenants, conditions, easements, agreements, claims, and other encumbrances of every kind, and there exists no restriction on the use or transfer of such property. As it relates to the Assets, **Schedule 4.1(l)(i)** contains a complete and accurate list of the real property owned by Seller and a complete and accurate list of each lease of real property to which Seller is a party (as the lessor, lessee or otherwise). Seller's current use and occupancy of the real property and its operation of the Systems thereon does not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such real property. All leases, licenses, rights of way, and easements related in any manner to the assets and properties comprising the Assets and all other instruments, documents and agreements pursuant to which Seller has obtained the right to use any real property in connection with the Assets are in good standing, valid and effective in accordance with their respective terms, and with respect thereto, there is no existing material default or event that could constitute a material default. The real property is properly classified under applicable zoning laws, ordinances, and regulations for the current and continued operation of the Systems on the real property. No proceeding that could adversely affect the zoning classification of the real property is pending or threatened. At and after the Closing, PAWC shall have the right to maintain and use the real property, including the space, facilities and appurtenances outside of building lines, whether on, over or under the ground, and to conduct such activities thereon as maintained, used or conducted by Seller on the date hereof, and such right is not subject to revocation. Seller has made available to PAWC copies of all title reports, surveys, title policies and appraisals relating to the real property.
- (ii) Set forth on **Schedule 4.1(l)(ii)** hereto is a true, correct and complete list of all easements and rights of way relating to the real property and the Assets. All of such easements and rights of way are valid and will be transferred to PAWC and remain in full force as of the Closing and thereafter. Seller has not received any notice of violation of any easements, covenants, restrictions or similar instruments and there is no basis for the issuance of any such notice or the taking of any action for such violation. At and after the Closing, PAWC shall have all rights, easements and agreements necessary for the use and maintenance of water, sewer or other utility pipelines, poles, wires, conduits or other like facilities, and appurtenances thereto, over, across and under the real property.
- (iii) There are no outstanding options, rights of first refusal or rights of first offer to purchase any of the real property or any portion thereof or interest therein, except as otherwise set forth on **Schedule 4.1(l)(iii)**.

- (iv) All improvements located on, and the use presently being made of, the real property comply with all applicable zoning and building codes, ordinances and regulations and all applicable fire, environmental, occupational safety and health standards and similar standards established by applicable law, and the same use thereof by PAWC following Closing will not result in any violation of any such code, ordinance, regulation or standard. No improvements encroach on any land that is not included in the real property or on any easements affecting such real property, or violate any building lines or set-back lines, and there are no encroachments onto the real property, or any portion thereof, that would interfere with the use or occupancy of such real property or the continued operation of the Systems as currently conducted.
- (v) There is no unpaid tax, levy or assessment against the real property (except for encumbrances relating to assessments not yet due and payable), nor is there pending or threatened any condemnation proceeding against the real property or any portion thereof. **Schedule 4.1(l)(v)** contains a list of all impending taxes, levies and assessments that are due and owing after the Closing Date.
- (vi) Except as set forth in **Schedule 4.1(l)(vi)**, there is no condition affecting the real property or the improvements located thereon that requires repair or correction to restore the same to reasonable operating condition.

(m) **Litigation.** Except as disclosed on **Schedule 4.1(m)**, there is no action, suit, claim or litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending (including any citations, notices, summons or orders), and none are known to be threatened against, pertaining to or affecting the Systems or any of the Assets (including any such actions, litigation and other claims against Seller) before any court, arbitrator or governmental authority (including any governmental agency board or instrumentality), nor is there any order, writ, injunction or decree of any court, arbitrator or governmental authority, in existence against, pertaining to or affecting the Seller (including its commissioners, directors or officers), the Systems or any of the Assets. Except as noted in **Schedule 4.1(m)**, all matters disclosed in **Schedule 4.1(m)** are fully covered by Seller's insurance. There are no known laws, ordinances, regulations or official orders now in effect or pending that could reasonably be expected to have a material adverse effect on the Systems or the ownership, condition or operation of the Systems or the Assets. There are no actions, suits, claims, proceedings or investigations pending or, to the knowledge of the Seller, threatened against the Seller, and the Seller is not subject to any outstanding judgment, order or decree of any court or governmental body, which would in either case, reasonably be expected to prevent or materially interfere with or delay the Seller's ability to perform its obligations under this Agreement.

(n) **Tax Matters.**

- (i) Seller has timely and properly filed all tax returns that it was required to file. All such tax returns were complete and correct in all material respects and were prepared in compliance with all applicable laws. All taxes owed by Seller have been paid. Seller is not the beneficiary of any extensions of time within which to file any tax return. There are no Encumbrances on any of the Assets that arose in connection with any failure (or alleged failure) to pay any tax.
- (ii) Seller has withheld and paid all taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor,

supplier, vendor, creditor, or other third party. Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

- (iii) There are no audits or examinations of any tax returns pending or threatened that relate to Seller's operation of the Systems or the Assets. Seller is not a party to any action or proceeding by any governmental authority for the assessment or collection of taxes relating to the operation of the Systems, nor has such event been asserted or threatened. There is no waiver or tolling of any statute of limitations in effect with respect to any tax returns relating to Seller's operation of the Systems or the Assets.

(o) **No Material Adverse Conditions; Insurance.** There are no facts, circumstances or conditions existing or threatened that would have, or would be reasonably be expected to have, a material adverse effect on the condition, properties, assets, indebtedness, liabilities, commitments, operations or prospects of the Systems or the Assets. Seller maintains and has maintained appropriate insurance necessary for the full protection of all of the Assets, the Systems, and all related operations, products and services. All such policies are in full force and effect and Seller will use commercially reasonable efforts to cause such policies to be outstanding and in full force and effect as of Closing and immediately following the execution of this Agreement and the consummation of the contemplated transactions. There are no pending claims or proceedings arising out of, based upon or with respect to any of such policies of insurance and, to Seller's knowledge, no basis for any such claims or proceedings exists. Seller is not in default with respect to any provisions contained in any such insurance policies, and no insurance provider is in default with respect to such insurance policies.

(p) **Compliance with Law.** Except as disclosed on **Schedule 4.1(p)**, Seller is and has been in material compliance with all laws, ordinances, and governmental rules and regulations, whether civil or criminal, of any federal, state, local or foreign governmental authority applicable to the operation of the Systems and the Assets, including Environmental Laws (defined below) and employee labor, pension and benefits laws, to which Seller, the Systems or the Assets are subject, and has not failed to obtain, or to adhere to the requirements of, any certificate, license, Permits or other governmental authorization necessary for the operation of the Systems and the Assets, nor has Seller committed any violation of law or any provision of its governing documents applicable to the Systems or the Assets. Except as disclosed on **Schedule 4.1(p)**, Seller has not received, and has no reason to believe that it will receive, notice of any violation of law.

(q) **Adequacy of Permits.** Set forth in **Schedule 4.1(q)** is a complete and correct list of all permits, licenses, registrations, approvals and other authorizations (collectively, the "**Permits**") used by Seller in the continuing operation of the Systems and for the Assets. Such Permits constitute all those necessary for the continuing operation of the Systems and for the Assets, and are all valid and subsisting and in full force and effect. No fact or circumstance exists that is reasonably likely to cause any such Permits to be revoked or materially altered subsequent to the execution of this Agreement and the Closing Date, and neither the execution of this Agreement, nor the Closing do or will constitute or result in a default under or violation of any such Permits. Seller likewise has obtained and continues to possess all Permits required under, by or pursuant to Environmental Laws (defined below), has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under Environmental Laws (defined below).

- (r) **Environmental Matters.**

- (i) To the best of Seller's knowledge, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans pertaining or relating to the Assets or the Systems that may materially impede or prevent compliance with Environmental Laws, and Seller is, and at all times has been, in full compliance with and has not been, and is not in violation of or liable under any applicable Environmental Law. Seller has no basis to expect, nor has it received any actual or threatened order, notice or other communication from any governmental authority or other person of any actual or potential violation or failure to comply with any Environmental Law or of any actual or threatened obligation to undertake or bear the cost of any environmental, health and safety liabilities with respect to real property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest or with respect to the real property or any other real property at or to which hazardous materials were generated, manufactured, refined, transferred, imported, used or processed by Seller or any other person for whose conduct it is or may be held responsible, or from which hazardous materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.
- (ii) There are no pending or threatened claims, encumbrances or other restrictions of any nature, resulting from any environmental, health and safety liabilities or arising under or pursuant to any Environmental Law with respect to or affecting the Seller's real property or any other properties and assets (whether real, personal or mixed) in which Seller has or had an interest. Neither Seller nor any other Person for whose conduct it is or may be held to be responsible has any material environmental, health and safety liabilities with respect to the Seller's real property or with respect to any other properties and assets (whether real, personal or mixed) in which Seller (or any predecessor) has or has had an interest or at any property geologically or hydrologically adjoining the real property or any such other property or assets.
- (iii) There are no hazardous materials, except those used in connection with the ordinary course operation of the Systems in accordance with all Environmental Laws, present on or in the environment at the real property or at any geologically or hydrologically adjoining property, including any hazardous materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent and deposited or located in land, water, sumps or any other part of the real property or such adjoining property or incorporated into any structure therein or thereon. Neither Seller, nor any other person for whose conduct it is or may be held to be responsible has permitted or conducted, or is aware of, any hazardous activity conducted with respect to the real property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest except in material compliance with all applicable Environmental Laws. There has been no release or threat of release, of any hazardous materials at or from the real property or from or by any other properties and assets (whether real, personal or mixed) in which Seller has or has had an interest (e.g., other properties that may impact or affect the Assets or the Systems), or any geologically or hydrologically adjoining property, whether by Seller or any other person.
- (iv) Except as set forth in **Schedule 4.1(r)(iv)**, none of the following exists at the Systems or on the real property that is part of the Assets: (1) underground storage tanks; (2)

asbestos-containing material in any form; (3) materials or equipment containing polychlorinated biphenyl; (4) groundwater monitoring wells; or (5) landfills, surface impoundments, or disposal areas.

- (v) Seller has delivered to PAWC true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by Seller or its predecessors pertaining to hazardous materials or hazardous activities in, on or under the real property, or concerning compliance by Seller, its predecessors, or any other person for whose conduct Seller is or may be held to be responsible, with Environmental Laws, said reports, studies, analyses, tests and monitoring to include without limitation, any and all Phase I environmental reports now or hereafter in the possession or control of Seller.
- (vi) Compliance with Decrees. If applicable, Seller has been and is in compliance with all orders, decrees, judgments and notices issued against the Seller under or in connection with all Environmental Laws.
- (vii) As used in this Agreement, the term “**Environmental Laws**” shall include all federal, state, and local environmental laws and regulations, including the Clean Water Act (“**CWA**”), also known as the Federal Water Pollution Control Act (“**FWPCA**”), 33 U.S.C. § 1251 et seq., the Toxic Substances Control Act (“**TSCA**”), 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act (“**FIFRA**”), 7 U.S.C. §§ 136 et. seq., the Safe Drinking Water Act (“**SDWA**”), 42 U.S.C. §§ 300 (f) et seq., the Surface Mining Control and Reclamation Act (“**SMCRA**”), 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act (“**CERCLA**”), 42 U.S.C. § 9601 et seq., the Superfund Amendment and Reauthorization Act of 1986 (“**SARA**”), Public Law 99-499, 100 Stat., 1613, the Resource Conservation and Recovery Act (“**RCRA**”), 42 U.S.C. 6901, the Atomic Energy Act (“**AEA**”), Act of August 30, 1954, Ch. 1073, 68 Stat. 919 (codified as amended in scattered sections of 5 U.S.C. and 42 U.S.C.). Any reference to a legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments, opinions directives or notices issued thereunder.

(s) Brokers. Seller has not employed any investment banker, broker or finder or incurred any liability for any investment banking fees, brokerage fees, commissions or finders’ fees or any similar other fees or commissions in connection with the transactions contemplated by this Agreement for which the PAWC has or could have any liability.

(t) Customer Advances. Set forth in **Schedule 4.1(t)** is a complete and accurate list of all unexpired customer advances for construction held by Seller as of the date of this Agreement and extension deposit agreements (or similar agreements) to which Seller is a party (each an “**Extension Deposit Agreement**”), and which contain unexpired obligations of Seller to provide for the payment of periodic refunds to parties making advances for the construction of facilities for water service. Seller will provide to PAWC within fifteen (15) days of the execution of this Agreement (to be updated at Closing), accurate and complete copies of each such customer advances and Extension Deposit Agreement. All records of Seller relating to each Extension Deposit Agreement are complete and accurate in all material respects and, together with the relevant Extension Deposit Agreement, represents all the information reasonably required to determine Seller’s obligations to each party to the Extension Deposit Agreements; and there are no disputes

or disagreements with any party to an Extension Deposit Agreement relating to the amount due under that agreement or the method of calculating that amount. **Schedule 4.1(t)** may be updated at Closing only with the mutual consent of the parties.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF PAWC

5.1 PAWC's Representations. PAWC hereby represents and warrants to Seller as follows:

(a) Organization. PAWC is a corporation duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania.

(b) Due Authorization: Valid and Binding. PAWC has the full power and lawful authority to execute this Agreement and, following approval by its Board of Directors, to consummate and perform the transactions contemplated hereby, and PAWC has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of PAWC.

(c) Assigned Contracts. PAWC has disclosed on **Schedule 5.1(c)** those Contracts which PAWC has agreed to assume ("**Assigned Contracts**"), subject to receiving all necessary consents to assignment in accordance with the terms of **Section 8.1(g)**. PAWC may update **Schedule 5.1(c)** between the date hereof and up to twenty (20) days before Closing to include any of the Contracts.

(d) Financial Wherewithal. PAWC has sufficient funds on hand to pay the amounts due pursuant to this Agreement.

(e) Absence of Litigation. There are no actions, suits, proceedings or investigations pending or, to the knowledge of the PAWC, threatened against the PAWC, and the PAWC is not subject to any outstanding judgment, order or decree of any court or governmental body, which would in either case, reasonably be expected to prevent or materially interfere with or delay the PAWC's ability to perform its obligations under this Agreement.

(f) Brokers. PAWC has not employed any investment banker, broker or finder or incurred any liability for any investment banking fees, brokerage fees, commissions or finders' fees or any similar other fees or commissions in connection with the transactions contemplated by this Agreement for which the Seller has or could have any liability.

ARTICLE 6

COVENANTS

6.1 Covenants of Seller. From and after the date of this Agreement, Seller covenants and agrees that:

(a) Conduct of Business. Between the date of this Agreement and the Closing Date, Seller shall carry on the operation of the Systems, the business and the Assets in the ordinary course of business and in compliance with law, not introduce any materially new method of management or operation, use reasonable best efforts to preserve the Systems, the business and the Assets, conserve the goodwill and relationships of its customers, suppliers, governmental authorities and others having business relations with it, maintain in full

force and effect all policies of insurance now in effect for the benefit of Seller, maintain supplies at a level that is sufficient to operate the Systems in accordance with past practice and maintain the Assets in substantially the condition currently existing, normal wear and tear excepted. Without limiting the foregoing, Seller shall not sell, lease, dispose, retire, distribute or encumber any of the Assets, or construct, purchase or acquire any new assets, properties or rights relating to the Systems or Assets, or enter into a commitment or contract to do any of the foregoing (other than the purchase and use of supplies and maintenance of the Systems and the Assets in the ordinary course of business), without the prior written consent of PAWC.

(b) **Contracts and Commitments.** Except normal and usual commitments for the purchase of materials and supplies consistent with past practice, no contract or commitment shall be entered into by or on behalf of Seller relating to the Systems or the Assets that would place an Encumbrance thereon or materially affect the operation of the Systems, the business or the Assets after Closing, except for those commitments approved or ratified in writing by PAWC. Seller shall use reasonable commercial efforts to obtain, prior to Closing, the written consent of each party to the Assigned Contracts designated on **Schedule 4.1(k)** if such contract requires consent to assignment. Notwithstanding any other provision of this Agreement, to the extent that any consent necessary for the assignment from Seller to PAWC of the Assigned Contracts is not obtained, or cannot be obtained, prior to the Closing Date, PAWC and Seller shall cooperate in good faith to secure an arrangement reasonably satisfactory to PAWC intended to provide for PAWC following the Closing all of the material benefits of Seller under such Assigned Contracts; provided, that nothing in this **Section 6.1(b)** shall constitute a waiver of the condition set forth in **Section 8.1(g)** unless provided for in writing by PAWC; and provided, further, that PAWC shall not be obligated to assume, and shall not be liable under, any Assigned Contract for which Seller has not obtained all necessary consents, or otherwise secured an alternative arrangement satisfactory to PAWC (in its sole discretion) as provided above. If after using good faith efforts, Seller and PAWC are still unable to secure such an arrangement reasonably satisfactory to PAWC intended to provide for PAWC all of the material benefits of Seller under such Assigned Contracts, PAWC can either (a) continue its efforts to secure such an arrangement; (b) waive the condition set forth in **Section 8.1(g)**; or (c) terminate this Agreement; Seller shall have no duties of specific performance with regards to the assignment of the Assigned Contracts. Seller shall transfer all of the utilities used or necessary for the Systems from Seller to PAWC effective as of the Closing Date, and Seller shall be responsible to pay all bills and fees for these utilities for the period prior to and including the Closing Date. PAWC shall provide any necessary information reasonably required by Seller to effectuate this transfer.

(c) **Release of Encumbrances.** Seller shall take all action necessary to cause the release, cancellation and discharge of any and all Encumbrances, so that as of the Closing Date, the Assets will be free and clear of any and all such Encumbrances. Seller also agrees not to create any new Encumbrances on the Systems or Assets from and after the date of this Agreement without the prior written consent of PAWC.

(d) **Material Events and Circumstance.** Seller shall promptly inform PAWC in writing of any specific event or circumstance of which Seller is aware, or of which Seller receives notice, that has or is reasonably likely to have, individually or in the aggregate, taken together with the other events or circumstances, a material adverse effect on the Systems or the Assets.

(e) **Supplemental Information.**

(i) Seller shall provide PAWC, within fifteen (15) days of execution or the date of receipt thereof, a copy of (a) each of the Contracts entered into by Seller after the date hereof and prior to Closing relating to the Systems or the Assets; (b) a copy of any written notice of assessments for public improvements against any of the Assets received after

the date hereof and prior to Closing; (c) any writs of summons or complaints filed against Seller or its representatives for any and all claims relating to the Systems or the Assets; and (d) a copy of the filing of any condemnation, eminent domain or similar proceeding affecting all or any portion of the Systems or the Assets received after the date hereof, but prior to the Closing.

- (ii) Seller shall notify PAWC within fifteen (15) days of the receipt of any notice of violation.

(f) **Regulatory Consents.** Seller shall at all times, use its best efforts to and diligently pursue all approvals, authorizations, consents and Permits required to be obtained to consummate the transaction contemplated by this Agreement, including the filing of an amended Act 537 plan which includes all revisions necessary and desirable in the sole and absolute discretion of PAWC (including, but not limited to, the elimination of the requirement to build a new wastewater treatment plant and the removal of the 2011 Intermunicipal Agreement with Lewis Township ("Lewis Township Agreement")). The approval of any revisions to the Act 537 Plan, as applicable, shall be obtained prior to Closing. PAWC shall be responsible for the preparation, cost and submission of any necessary revisions to the Seller's Act 537 Plan, but the Seller is only responsible for adopting the amended Act 537 Plan and cooperating with PAWC with the DEP submission and approval process. Should the DEP impose or require any changes to the amended Act 537 Plan submitted by PAWC, or if DEP rejects any revisions to the Act 537 Plan proposed and submitted by PAWC, PAWC shall have the right, in its sole and absolute discretion, to terminate this Agreement.

(g) **Municipal Ordinances.** To the extent that the Systems are located within municipalities that have ordinances or laws that require properties to connect to and remain connected to the Systems, Seller shall use reasonable commercial efforts to cause such municipalities to maintain such ordinances or laws so long as the Assets, or modifications, renewals, replacements thereto, exist within the municipal boundaries of Seller and other such municipalities.

(h) **Access.** Seller shall provide PAWC and its representatives free and full access to and right to inspect, during normal business hours and upon prior written notice, all of the premises, properties, assets, records, Permits, contracts and other documents relating to the Assets and shall permit PAWC to consult with its officers, employees and other representatives for purposes of making such investigation of the Assets as PAWC shall desire to make, provided that no investigation shall unreasonably interfere with the Seller's operation of the Systems.

(i) **Customer List.** Within thirty (30) days of execution of this Agreement, Seller shall provide PAWC an accurate and complete listing of all customers of each of the Systems. These customer lists shall provide the customer names, service addresses, billing addresses, and meter sizes and serial numbers in meter reading route sequence and shall denote those customers from which Seller has received notice to cancel or intend to cancel their account with Seller (or PAWC after Closing). This customer list shall be true and correct as of the date such list is provided to PAWC and shall be updated at Closing and provided to PAWC at Closing so as to be true and correct as of the Closing Date.

(j) **Rates.** Prior to the execution of this Agreement, the Borough shall pass the necessary Resolution(s) adopting PAWC's Rate Zone 1 base wastewater rates, such that those rates would become effective at the time of Closing. These rates are identified on **Schedule 6.1(j)**. Seller shall provide to PAWC a copy of the Resolution(s) adopting PAWC's Rate Zone 1 base rates, certified by a proper representative of Seller.

(k) **Customer Advances.** Prior to the Closing Date, Seller shall complete the construction of all mains and facilities for which Seller has received customer advances and return all unexpended customer advances to the appropriate depositor. Provided, however, that for projects acceptable to and approved in writing by PAWC, Seller may pay over to PAWC the unexpended, non-refundable customer advances, and PAWC shall assume all of the responsibility of Seller as to those unexpired customer advances and shall be bound by the terms and conditions contained in the Extension Deposit Agreements. PAWC shall not assume any responsibility for any unexpired customer advances received by Seller, or for any Extension Deposit Agreements to which Seller becomes a party, except as specifically agreed to in writing.

(l) **Updating of Information.** Between the date of this Agreement and the Closing Date, Seller will deliver revised or supplementary Schedules to this Agreement, containing accurate information as of the Closing Date, in order to enable PAWC to confirm the accuracy of Seller's representations and warranties and otherwise effectuate the provisions of this Agreement. The receipt by PAWC of any revised or supplementary Schedules to this Agreement shall in no way prejudice PAWC's right to terminate this Agreement based upon the failure of any condition to be satisfied under **Section 8.1** hereof or seek indemnification under **Section 9.1**. Seller will promptly inform PAWC, in writing, of the occurrence or failure of any action or event that would violate Seller's representations and warranties under this Agreement or render them inaccurate as of the date hereof or the Closing Date or that would constitute a breach of any covenant of Seller under this Agreement or a failure of any condition to the obligations of either Seller or PAWC under this Agreement.

(m) **Retention of Records.** Seller shall preserve any books and records relating to the Systems and the business that are not delivered to PAWC hereunder for a period no less than seven (7) years after the Closing Date (or such longer period as shall be required by applicable law), and Seller shall make available such books and records for review and copying to PAWC and its authorized representatives following the Closing at PAWC's expense upon reasonable notice during normal business hours. During such period, Seller shall permit, to the extent permitted by applicable Law and upon request of PAWC, PAWC and any of its agents, representatives, advisors or consultants reasonable access to all properties, books, contracts and records of Seller related to the Systems and employees of or servicing the business for information related to periods up to and including the Closing.

6.2 **Title Information.** Within thirty (30) days following the execution of this Agreement, Seller shall deliver to PAWC true, correct and complete copies of all existing title policies, surveys, leases, deeds, instruments and agreements in Seller's possession relating to title to the real estate and easements constituting part of the Assets, as well as any amendments thereto through to Closing. Thereafter, PAWC shall conduct an abstract of such title information to determine whether Seller has sufficient real estate rights and continuous rights-of-way to permit PAWC, upon Closing, to operate a continuous water system, including lines, facilities fittings and appurtenances necessary to operate such water system, and that such rights are represented by legal instruments in appropriate form, duly recorded. Upon notification by PAWC that such legal rights for the Systems are not sufficient for the operation of the Systems, Seller shall, at its sole expense, secure such additional legal rights as PAWC may request. If Seller is unable or unwilling to secure such additional legal rights, PAWC shall have the right, in its sole authority and discretion to either (1) attempt to secure such legal rights at its sole effort and expense or (2) terminate this Agreement. Seller shall not have a duty of specific performance to secure such legal rights.

6.3 **Public Fire Hydrants.** The parties shall cooperate in making an inspection of all public fire hydrants on or about thirty (30) days prior to the Closing Date so as to confirm that all public fire hydrants are in working condition and meet all applicable requirements with regards to flow, duration and pressure. Any public fire hydrant that is not in working condition shall be noted in a list provided by Seller to PAWC and

repaired or replaced at Seller's expense prior the Closing Date. At Closing, all public fire hydrants shall be in good working condition.

6.4 **Storm Water Facilities.** Seller will retain ownership of any and all storm water system facilities within the public right-of-way or otherwise dedicated to Seller by offer and acceptance, plan or other action, and retain ordinances that prohibit storm water system facilities from being connected to or from causing storm water infiltration into the wastewater system. Such ordinances shall be no less restrictive with regard to storm water discharges into or infiltrating the wastewater system after Closing than they were prior to Closing, to the extent permitted by law. Except for those storm water system facilities within the public right-of-way that are retained by Seller, PAWC shall assume ownership of any and all storm water system facilities located on, in, within, or under the real property, including easements, that is a part of the Assets. If, at any time after Closing, PAWC identifies municipal storm water facilities interconnected with the wastewater system, PAWC may at its sole cost and discretion, disconnect such storm water facilities from the wastewater system and tie them into the municipal storm water system.

6.5 **Dual Meter Readings.** On or about the Closing Date, PAWC and Seller shall take a dual meter reading for each of the customers of the Systems, which shall be used for (i) Seller to issue a final invoice to customers covering the period on and before the Closing Date, and (ii) PAWC to obtain its initial meter reading for future invoices covering the period after the Closing Date. The parties shall coordinate in good faith and agree upon these meter readings at such time, which shall be used for such invoices and all accounts receivable being retained by Seller (per **Section 1.5**).

6.6 **Further Assurances.** Each party to this Agreement shall cooperate and deliver such instruments and take such action as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby. After the Closing, each party shall take such other actions and execute such other documents, instruments, certifications, and further assurances as Seller or PAWC, as the case may be, may reasonably require in order to make effective the transactions contemplated hereby (including to transfer to PAWC or to put PAWC more fully in possession of any of the Assets).

6.7 **Cooperation.** Subject to the terms and conditions of this Agreement, the parties shall cooperate fully with each other and their respective counsel and accountants in connection with, and take or cause to be taken and do or cause to be done, any actions required to be taken under applicable law to make effective the contemplated transactions as promptly as practicable. Prior to the Closing, the parties shall proceed expeditiously and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the conditions to Closing set forth herein. Any and all filing fees in respect of such filings, including those fees implemented by the PUC (as defined below in **Section 7.1**), shall be paid by PAWC. On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments not obtained prior to Closing, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. Seller hereby agrees to cooperate with PAWC to ensure a proper transition of all customers with respect to billing and customer service activities, including assisting PAWC to place all customer information in a format reasonably requested by PAWC.

6.8 **Rates.** PAWC shall implement the Authority's water rates then in effect at Closing as PAWC's effective base water rates, provided such rates shall not be lower than those in effect on the date of this Agreement is executed. These rates are reflected in **Schedule 6.7** and include fire hydrant rates applicable to

all fire hydrants meeting the flow requirements of the authority having jurisdiction for setting fire flows in both the Borough of Turbotville and the Township of Lewis. Those fire hydrants not meeting these fire flows will be taken out of service until such time as the water system can support the desired flows of the authority having jurisdiction.

ARTICLE 7

PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

7.1 Pennsylvania PUC Approval. The obligation of PAWC to consummate the transactions contemplated by this Agreement are conditioned upon PAWC receiving the approval of the PUC. PAWC covenants and agrees to initiate, and use commercially reasonable efforts to prosecute the necessary proceedings to obtain the approval of the PUC for: (a) this Agreement and the transactions contemplated hereby which require approval by the PUC, including the transfer by sale of the Assets to PAWC and the Assignment of Contracts Agreement; (b) the right of PAWC to provide water/wastewater service to the public primarily in the service area presently being served by Seller's Systems; (c) the right of PAWC to apply after Closing the applicable rates identified in this Agreement, rules and regulations for service as set forth in PAWC's Tariff for the service areas presently being served by Seller's Systems; and (d) any other approval as may be appropriate to consummate the transactions contemplated by this Agreement. Seller, by this Agreement, covenants and agrees to provide such information, documents and assistance as may be reasonably requested by PAWC in connection with any such proceedings and to otherwise cooperate in the initiation and prosecution of any such proceeding.

ARTICLE 8

CONDITIONS PRECEDENT

8.1 Conditions Precedent to PAWC's Obligations. The obligation of PAWC to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by PAWC in its sole discretion):

(a) Representations and Warranties. Seller's representations and warranties set forth in this Agreement or in any Schedule, list, certificate or document delivered pursuant to this Agreement shall be true, correct and accurate as of the date made and at and as of the time of the Closing with the same force and effect as though such representations and warranties were made at and as of the Closing Date (without giving effect to any supplement to the Schedules), and PAWC shall have received from a proper representative of Seller a certificate to such effect, in form and substance reasonably similar to the attached **Schedule 8.1(a)**.

(b) Performance of Covenants and Agreements. Seller shall have performed and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and PAWC shall have received from a proper representative of Seller a certificate to such effect, in form and substance reasonably similar to the attached **Schedule 8.1(a)**.

(c) Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, to the Systems or the Assets (including a material loss of customers or Contracts), whether covered by insurance or not.

(d) Release of Liens. All necessary action shall have been taken to cause the release, cancellation and discharge of any and all Encumbrances so that as of the Closing, the Assets shall be free and clear of any and all Encumbrances, and Seller shall have provided PAWC with such opinions, instruments or documents as PAWC may reasonably request, and in form and substance satisfactory to PAWC, evidencing the release, cancellation and discharge of any and all Encumbrances and that the Assets are not subject to any liens or Encumbrances.

(e) Other Regulatory Consents. Seller shall have obtained the written, final and unappealable approvals, authorizations and consents (including consents for Permit transfers) that are required to consummate the transactions contemplated by this Agreement and for PAWC to operate the Systems and the Assets after the Closing, including the approval of or appropriate Permits for the Systems, and the approval of every regulatory agency of federal, state or local government that may be required in PAWC's opinion, each in form and substance (including with respect to the terms and conditions contained in any such approval) acceptable to PAWC in its sole and absolute discretion, and all waiting periods under existing laws, and all extensions thereof, the passing of which is necessary to consummate the contemplated transactions and finalize a Closing, shall have expired.

(f) Opinion of Counsel and Resolution. The Seller shall each have delivered to PAWC a written Opinion of Seller's counsel, dated as of the Closing Date and addressed to PAWC, in the form set forth in **Schedule 8.1(f)**, along with a copy of the Resolutions, certified by their proper representatives, approving the execution, delivery and performance of this Agreement by Seller, together with the certificate of its proper representatives that said Resolutions are in full force and effect and were duly adopted.

(g) Contractual Consent. Seller shall have obtained written approvals, authorizations and consents of transfer to all Assigned Contracts and Permits, to the extent specifically required by the terms of such Assigned Contracts and Permits.

(h) Other Agreements as required by DEP. To the extent that DEP would require any neighboring municipalities, as part of their respective 537 Plans, to direct any wastewater to the wastewater system within the Borough of Turbotville; all such agreements must be approved by PAWC in its sole and absolute discretion and include terms acceptable to PAWC to either accept such municipality as a bulk customer of PAWC or in the alternative requesting that PAWC extend and serve such areas within the neighboring municipalities. All agreements and extensions must comply with PAWC's current Tariff.

(i) Certification of Financial Information. Seller shall have delivered to PAWC a certificate, in substantially the form set forth in **Schedule 8.1(i)**, executed by its authorized representative in the form and substance satisfactory to PAWC, listing (i) the amount of its net outstanding long-term debt or notes, if any, related to the Systems (ii) all unexpired customer advances for construction and unexpired contributions in aid of construction as of the Closing Date, and (iii) any and all additions or retirements to the Systems during the period from the date of execution of this Agreement to the Closing Date, together with the cost thereof.

(i) Closing Deliveries. Seller shall have delivered all documents required to be delivered by it pursuant to **Section 3.2(a)**.

(j) Act 537 Plans. Pursuant to the provisions of **Section 6.1(f)**, any and all Act 537 Plans that DEP requires to be updated as a result of PAWC's purchase or that need to be amended in the sole and absolute discretion of PAWC, shall be revised and approved prior to Closing with terms and conditions

satisfactory to PAWC in its sole and absolute discretion, unless otherwise agreed to in writing by the parties to this Agreement. PAWC shall be responsible for the preparation, cost and submission of any necessary revisions to the Seller's Act 537 Plan, but the Seller is only responsible for adopting the amended Act 537 Plan and cooperating with PAWC with the DEP submission and approval process.

(k) Consent Order. If necessary, PAWC must enter into an acceptable Consent Order and Agreement ("CO&A") with DEP so that upon Closing, PAWC will be in compliance with all rules and regulations of DEP, including but not limited to, with regards to the design, permitting and construction of a phosphorus removal system or any other systems to manage effluent levels. PAWC shall be responsible for all costs and efforts in securing the CO&A with DEP. The acceptability of the CO&A shall be made in the sole and absolute discretion of PAWC.

(l) Proceedings. No provision of any law or order shall be in effect, and no proceeding by any person shall be threatened or pending before any governmental authority, or before any arbitrator, that would: (i) prevent consummation of the contemplated transactions; (ii) have a likelihood of causing the contemplated transactions to be rescinded following consummation; (iii) adversely affect the right of PAWC to own any of the Assets or operate the Systems; or (iv) adversely affect the Systems prospects or the value or condition of any of the Assets or the Systems.

(m) Due Diligence. PAWC shall have completed and be satisfied, in its sole and absolute discretion, with the results of its due diligence review of the Systems, the Assets and Seller, including with the results of any environmental assessment performed with respect to any real property or the Assets or chain of title search, all material contracts and operating Permits and licenses of the Systems, and the Seller's operations, contracts, employment practices, compliance, accounting and other items as PAWC deems necessary, as each of the foregoing items relate to the Systems or the Assets.

(n) Authorization of Contemplated Transactions. PAWC shall have obtained all necessary corporate approvals to consummate the contemplated transactions.

(o) PUC Approval. The PUC shall have entered an order (or orders) providing the approvals set forth in **Section 7.1**, and such order(s) shall not be subject to appeal, challenge, supersedeas or injunction.

(p) Lewis Township Agreement. Seller shall terminate the Lewis Township Agreement, provided that upon request by Seller, PAWC shall provide reasonable cooperation with respect to the approval by DEP of an amended Act 537 Plan by Lewis Township consistent with the Memorandum of Understanding between Lewis Township and the Borough dated April 9, 2018. Notwithstanding the foregoing, PAWC's obligation to provide reasonable cooperation shall not extend to incurring a significant cost or expense considering the amount of the Purchase Price, or incurring any obligation that is not consistent with PAWC's obligations under this Agreement.

(q) Bulk Agreement with Lewis Township. PAWC shall have negotiated an agreement with Lewis Township regarding the provision of wastewater service to the SR54 Corridor in a form that is acceptable to PAWC, in its sole and absolute discretion, and that has been approved by the PUC in accordance with Section 7.1 of this Agreement.

8.2 Conditions Precedent to Seller's Obligations. The obligation of Seller to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, of each of the

following conditions (any one or more of which may be waived in writing in whole or in part by Seller in its sole discretion):

(a) Representations and Warranties. PAWC's representations and warranties contained in this Agreement or in any Schedule, list, certificate or document delivered pursuant this Agreement shall be true, correct and accurate as of the date made and at and as of the time of the Closing, with the same force and effect as though such representations and warranties were made at and as of the Closing Date (without giving effect to any supplement to the Schedules), and Seller shall have received from an officer of PAWC a certificate to such effect, in form and substance reasonably satisfactory to Seller.

(b) Performance of Agreements. PAWC shall have performed and complied, in all material respects, with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and Seller shall have received from an officer of PAWC a certificate to such effect, in form and substance reasonably satisfactory to Seller.

(c) Closing Deliveries. PAWC shall have delivered the Purchase Price and all documents required to be delivered by it pursuant to **Section 3.2(b)**.

ARTICLE 9

INDEMNIFICATION

9.1 Indemnification By Seller. Seller shall fully pay, protect, defend, indemnify and hold harmless PAWC and its affiliates and their respective officers, directors and agents and representatives ("PAWC Indemnified Parties") from any and all Damages arising out of, resulting from, relating to or caused by: (i) a misrepresentation, inaccuracy in or breach of (or any claim by any third party alleging or constituting a misrepresentation, inaccuracy in, or breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other transaction document, by Seller; (ii) any and all liabilities of Seller of any nature (including the retained liabilities in **Section 1.3(a)**), whether due or to become due, whether accrued, absolute, contingent or otherwise, whether accruing prior to or after the Closing Date, or arising out of any transaction entered into, any state of facts existing or any event occurring on or prior to such date, and any Encumbrance affecting the Assets or the Systems; (iii) assessments, charges and other similar claims due or owing, directly or indirectly, by Seller or otherwise as a result of or on account of the Assets or the Systems at any time on or prior to the Closing Date; (iv) the ownership and/or operation of any of the Assets or the Systems on or prior to the Closing Date; (v) any proceeding now existing or hereafter arising and relating to the Assets or the Systems and arising from events or matters occurring on or prior to the Closing Date, regardless of when realized; (vi) all assets, properties and rights of Seller excluded from the Assets; (vii) any and all liabilities relating to the employees, agents and independent contractors of Seller who performed services for Seller or related to the Systems or the Assets, regardless of whether such liabilities arose from events occurring prior to or after the Closing; (viii) the failure to comply with the provisions of any so-called bulk transfer or bulk sale law of any jurisdiction in connection with the sale of the Systems and the Assets to PAWC, and (ix) transaction costs and expenses incurred by or on behalf of Seller in connection with this Agreement or the contemplated transactions.

No information or knowledge acquired, or investigations conducted, by PAWC or its representatives, of Seller, the Assets, the Systems or otherwise, shall in any way limit, or constitute a waiver of, or a defense to, any claim for indemnification by the PAWC Indemnified Parties under this Agreement.

As used in this Agreement, the term “**Damages**” means all losses, damages, assessments, judgments, awards, fines, penalties, taxes, interest, costs and expenses (including actual, reasonable out-of-pocket third party costs, fees and expenses of legal counsel and reasonable out-of-pocket third party costs, fees and expenses of investigation).

9.2 **Indemnification by PAWC.** PAWC agrees to indemnify, defend and hold harmless Seller and its affiliates and their respective officers, directors and agents at all times after the date of this Agreement, from, against and in respect of any and all Damages resulting from (i) a misrepresentation, an inaccuracy in or breach of (or any claim by any third party alleging or constituting a misrepresentation, an inaccuracy in, or breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other transaction document, by PAWC, and (ii) any and all liabilities of PAWC of any nature related to the PAWC’s operation of the Systems and the Assets and occurring after the Closing Date.

9.3 **Survival of Representations and Warranties.** All representations, warranties, covenants and agreements made by the parties in this Agreement or in any agreement, document, statement or certificate furnished hereunder or in connection with the negotiation, execution and performance of this Agreement shall survive the Closing. Notwithstanding any investigation or audit conducted before or after the Closing Date, or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties, covenants and agreements set forth herein and therein. Notwithstanding anything contained herein or elsewhere to the contrary, all “material” and “material adverse effect” or similar materiality type qualifications contained in the representations and warranties set forth in this Agreement shall be ignored and not given any effect for purposes of the indemnification provisions hereof, including for purposes of determining the amount of any Damages.

9.4 **Notice of Claim.** If either party seeks indemnification on behalf of an indemnified person, such party seeking indemnification (the “**Indemnified Party**”) shall give reasonably prompt written notice to the indemnifying party (the “**Indemnifying Party**”) specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted; provided, however, that the right of a person or entity to be indemnified hereunder shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Subject to the terms hereof, the Indemnifying Party shall pay the amount of any valid claim not more than ten (10) days after the Indemnified Party provides notice to the Indemnifying Party of such amount.

ARTICLE 10

TERMINATION

10.1 **Termination.** This Agreement may be terminated at any time prior to the Closing only (a) by mutual written consent of Seller and PAWC; (b) by Seller or PAWC upon written notice to the other, if the Closing shall not have occurred on or prior to the later of December 31, 2018 or sixty (60) days following receipt of all the necessary regulatory approvals pursuant to Article 8 hereof; (c) by PAWC, if PAWC is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a breach of a representation, warranty, covenant or agreement contained in this Agreement on the part of Seller and Seller has not cured such breach within five (5) business days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured); (d) by PAWC pursuant to any provision of this Agreement, or if, at any time before Closing, PAWC is not satisfied (in its sole and absolute discretion) with the results of its due diligence review of the Systems

and the Assets or the prospects of obtaining all regulatory consents and approvals in its sole and absolute discretion; (e) by Seller pursuant to any provision of this Agreement, if Seller is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of PAWC and PAWC has not cured such breach within five (5) business days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured); (f) by Seller or PAWC upon written notice to the other, if any court of competent jurisdiction or other competent governmental entity shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the contemplated transactions, and such statute, rule, regulation, order, decree or injunction or other action shall have become final and non-appealable; or (g) by PAWC, if all necessary regulatory approvals contemplated hereby or otherwise necessary to close the contemplated transactions have not been obtained within two hundred seventy (270) days of the date hereof.

10.2 **Effect of Termination.** The right of each party to terminate this Agreement under **Section 10.1** is in addition to any other rights such party may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to **Section 10.1**, all further obligations of the parties under this Agreement will terminate, except that the obligations set forth in this **Section 10.2** (“**Effect of Termination**”) and **Article 11** (“**Miscellaneous**”) will survive; provided, however, that if this Agreement is terminated by a party because of the breach of the Agreement by another party or because one or more of the conditions to the terminating party’s obligations under this Agreement is not satisfied as a result of the other party’s failure to comply with its obligations under this Agreement, the terminating party’s right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 11

MISCELLANEOUS

11.1 **Contents of Agreement.** This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

11.2 **Binding Effect.** All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the legal representatives, successors and assigns of Seller or PAWC.

11.3 **Waiver.** Any term or provision of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof by a written instrument executed by such party or parties.

11.4 **Transfer Taxes.** Any transfer taxes imposed on the conveyance or transfer of any real property pursuant to this Agreement shall be paid by PAWC.

11.5 **Notices.** Any notice, request, demand, waiver, consent, approval or other communication that is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally, by facsimile (if followed by overnight courier on the same date) or sent by nationally recognized overnight courier, as follows:

If to PAWC:

Pennsylvania-American Water Company
800 W. Hersheypark Drive
Hershey, Pennsylvania 17033
Attention: Andrew L. Swope, General Counsel
Fax: 717-531-3399

With a required copy to:

Pennsylvania-American Water Company
100 Cheshire Court, Suite 104
Coatesville, Pennsylvania 19320
Attention: Keith E. Gabage, Sr., Manager, Business Development
Fax: 610-384-2996

If to Seller:

Borough of Turbotville
PO Box 264
Turbotville, PA 17772
Attn: Diane Miller, Secretary
Fax: 570-649-6620

With a required copy to:

Robert E. Benion, Esquire
205 Broadway, PO Box 356
Milton, PA 17847-0356
Attn: Robert E. Benion, Solicitor
Fax: 570-742-3508

With a required copy to:

Uni-Tech Consulting Engineers, Inc.
2008 Cato Avenue
State College, PA 16801
Attn: Pat Ward
Fax: 814-238-7808

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered.

11.6 Law to Govern. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to any conflicts of law's provisions.

11.7 No Benefit to Others. The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons.

11.8 Interpretation. All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement, and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires. Unless otherwise indicated, the words "including", "includes", "included" and "include", when used, are deemed to be followed by the words "without limitation."

11.9 Schedules. All Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

11.10 Severability. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

11.11 Counterparts. This Agreement may be executed by facsimile, electronically or by exchange of documents in PDF format, and in several counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single agreement. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

11.12 Risk of Loss. Seller assumes risk of loss in connection with the Assets prior to Closing, including risk of loss from fire and other casualty. In the event of any loss or damage to any of the Assets, PAWC at its option, prior to or at Closing shall have the right to (i) request that the damaged asset(s) be replaced or restored to substantially the same condition of the asset(s) as of the date of this Agreement; (ii) request an adjustment to the Purchase Price as can be agreed upon by the parties, or (iii) request the insurance proceeds of the Seller and/or other moneys to enable PAWC to make a proper restoration of the damaged asset. If Seller is unable or unwilling to meet PAWC's request, PAWC shall have the sole option to either (a) terminate this Agreement or (b) continue with Closing assuming the damaged asset(s) as is. Seller shall not have a duty of specific performance to replace or restore the damaged asset(s).

11.13 Environmental Assessment. Without limiting the parties rights and obligations under this Agreement (including Sections 6.1(h), 8.1(k) and 10.1(d)), after the date of this Agreement and until the Closing Date, PAWC shall have the reasonable right to enter upon the property and facilities constituting the Systems, after making reasonable prior arrangement with Seller, for the purposes of conducting an environmental assessment of the Systems. PAWC shall notify Seller in writing if the environmental assessment reveals the presence of oil or petroleum products or any hazardous or toxic wastes or materials or storage of fuel tanks or any other environmental hazard or contamination. Within fifteen (15) days of the date of such

notice, Seller shall advise PAWC in writing as to whether Seller can cure the environmental hazard or contamination and, if so, what remediation actions Seller will take to cure. Should the Seller be unable or unwilling to cure to the satisfaction of PAWC, PAWC shall have the sole option to accept the premises as is or terminate this Agreement. Seller shall not have a duty of specific performance to cure an environmental hazard or contamination.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

BOROUGH OF TURBOTVILLE

By: Francis B. Bit
Name:
Its:

**MUNICIPAL AUTHORITY OF THE
BOROUGH OF TURBOTVILLE**

By: James J. D.
Name:
Its:

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

By: Jeffrey L. McIntyre
Name: Jeffrey L. McIntyre
Its: President

List of Exhibits

Exhibit A – Assignment of Contracts Agreement

List of Schedules

Schedule A – Service Area for Wastewater System

Schedule B – Service Area for Water System

Schedule 1.4 – List of Excluded Assets

Schedule 4.1(b) – Assets Subject to Leasehold Interest

Schedule 4.1(i) – Undisclosed Liabilities

Schedule 4.1(k) – List of Contracts

Schedule 4.1(k)(i) – Refund Arrangements

Schedule 4.1(l)(i) – Rights in Real Property and Leases

Schedule 4.1(l)(ii) – Easements and Rights of Way

Schedule 4.1(l)(iii) – Options and Rights of First Refusal

Schedule 4.1(l)(v) – Taxes and Assessments

Schedule 4.1(l)(vi) – Necessary Repairs to Real Property

Schedule 4.1(m) – Litigation

Schedule 4.1(p) – Violations of Law

Schedule 4.1(q) – Permits

Schedule 4.1(r)(iv) – Environmental Conditions

Schedule 4.1(t) – Extension Deposit Agreements

Schedule 5.1(c) – Assigned Contracts

Schedule 6.1(j) – Wastewater Rates adopted by Seller effective at Closing

Schedule 6.7 – Seller's Water Rates and Fire Hydrant Rates effective at Closing

Schedule 8.1(a) – Form of Closing Certificate

Schedule 8.1(f) – Opinions of Sellers' Counsel

Schedule 8.1(h) – Certification of Financial Information

Exhibit A

Form of Assignment of Contracts Agreement

ASSIGNMENT OF CONTRACTS AGREEMENT

THIS ASSIGNMENT OF CONTRACTS AGREEMENT, made and entered into the ____ day of _____, 2018, by and among **BOROUGH OF TURBOTVILLE**, a municipality, organized and existing under the laws of the Commonwealth of Pennsylvania, and **MUNICIPAL AUTHORITY OF THE BOROUGH OF TURBOTVILLE**, a municipal authority, organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter collectively referred to as "**Seller**"), and **PENNSYLVANIA-AMERICAN WATER COMPANY**, a Pennsylvania corporation (hereinafter referred to as "**PAWC**").

WHEREAS, PAWC and Seller are parties to that Asset Purchase Agreement dated as of May __, 2018, whereby PAWC agreed to purchase from Seller the water and wastewater systems owned, maintained and operated by Seller (the "**Acquisition Agreement**").

WHEREAS, pursuant to the Acquisition Agreement, Seller agreed to sell, assign and transfer to PAWC the contractual rights of Seller related to the contracts, agreements and arrangements identified on **Exhibit A** attached hereto and made a part hereof (the "**Assigned Contracts**").

WHEREAS, pursuant to the Acquisition Agreement, Seller is to assign and transfer to PAWC all of Seller's rights, title and interest in and to the Assigned Contracts, and PAWC is to assume Seller's duties and obligations arising after the date hereof under the Assigned Contracts.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Seller hereby assigns and transfers to PAWC all of its rights, title and interest in and to the Assigned Contracts, free and clear of all liens and encumbrances of every kind. In furtherance of the assignment contemplated by this Section 1, Seller warrants that, as of the date hereof, Seller has obtained the consent of the other contracting party (or other contracting parties) to each Assigned Contract, if prior consent is required to assign such Assigned Contract or if such Assigned Contract is, by its terms, not assignable.

2. PAWC hereby assumes all liabilities expressly contained in the Assigned Contracts that are to become due after the date hereof (excluding liabilities for non-performance, breach, default or other circumstances that occurred on or prior to the date hereof).

3. Seller assigns no liabilities of any kind or nature whatsoever to PAWC, and PAWC assumes no such liabilities, hereunder, except for those contained in the express terms of the Assigned Contracts (excluding liabilities for non-performance, breach, default or other circumstances that occurred on or prior to the date hereof).

4. This Assignment and Assumption Agreement shall be binding upon the parties and their respective heirs, successors and assigns.

5. Seller hereby covenants and agrees that it will, upon the request of PAWC, perform, execute and deliver (and cause to be performed, executed and delivered), such and all other instruments, documents, acts, transfers, assignments and assurances as PAWC may reasonably require in order to better assure, confirm and accomplish the purposes and benefits of this Assignment of Contracts Agreement.

6. This instrument shall be construed and governed in accordance with the internal laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law.

7. This instrument may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Assignment of Contracts Agreement has been executed as of the date and year first above written.

WITNESS:

BOROUGH OF TURBOTVILLE

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Date: _____

Date: _____

WITNESS:

**MUNICIPAL AUTHORITY OF THE
BOROUGH OF TURBOTVILLE**

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Date: _____

Date: _____

WITNESS:

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Date: _____

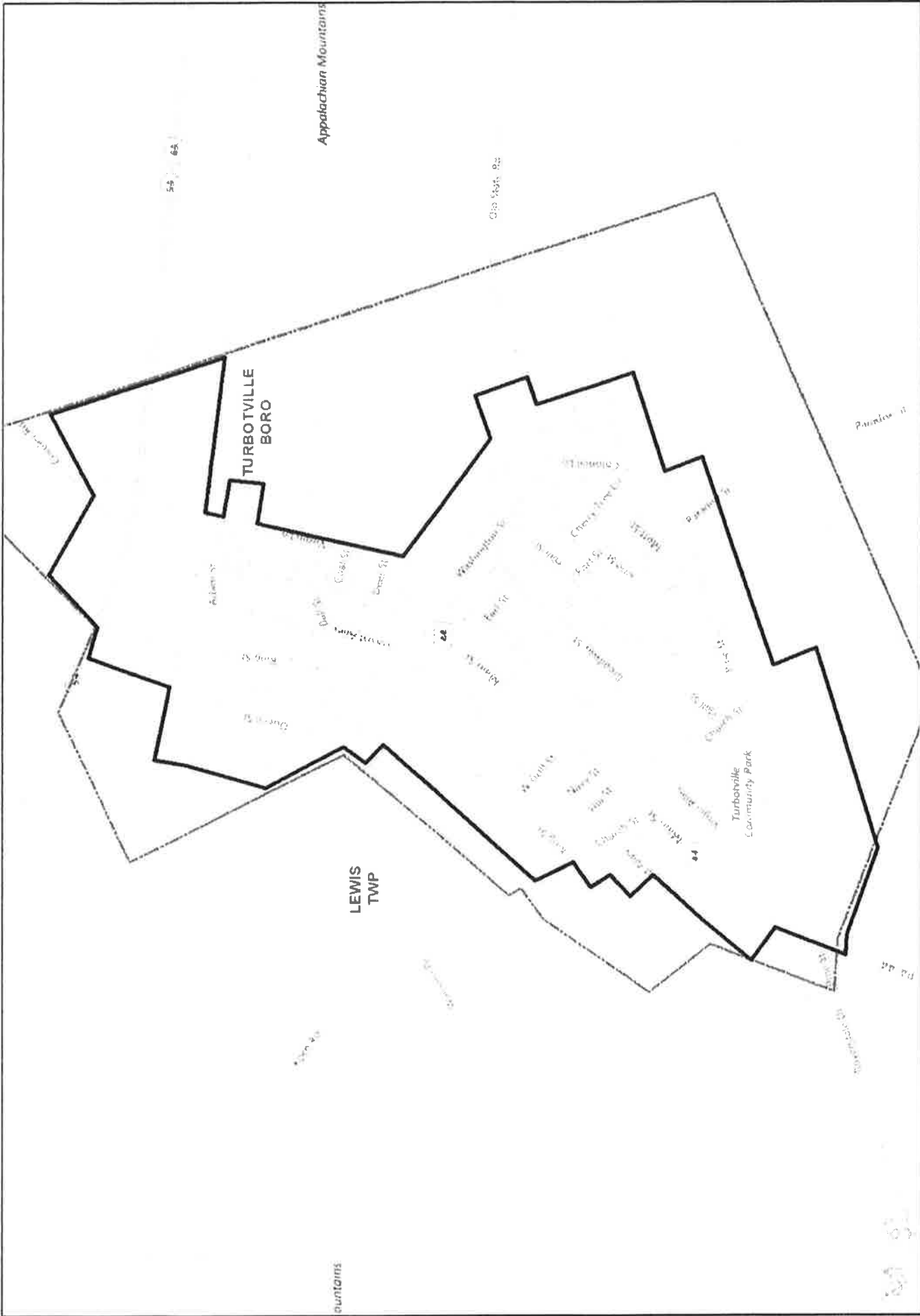
Date: _____

Exhibit A

- a. Agreement, dated November 7, 1956, between The Pennsylvania Railroad Company and The Municipal Authority of the Borough of Turbotville [Wastewater System related]

Schedule A

Service Area for Wastewater System



**Turbotville Wastewater System
Proposed Service Territory
Northumberland County, Pennsylvania**



Date: 5/21/2018

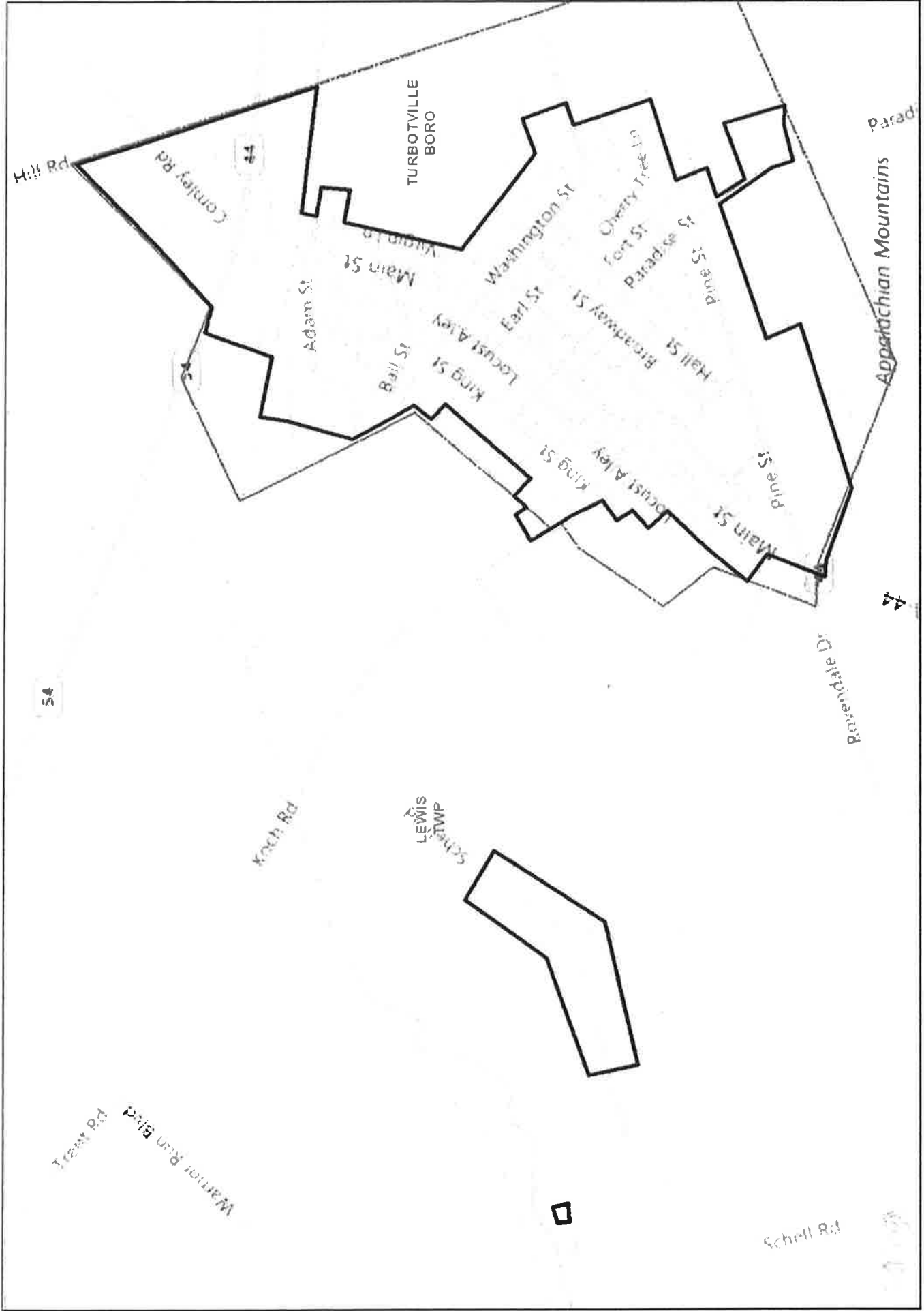
Legend

- Proposed Service Territory
- Municipality
- Northumberland County Parcel

AMERICAN WATERS

Schedule B

Service Area for Water System



Turbotville Water System
Proposed Service Territory
Northumberland County, Pennsylvania



Date: 6/1/2018

Legend
 [Thick black line] Proposed Service Territory
 [Thin black line] Municipality
 [Dashed line] Northumberland County Parcel

Schedule 1.4

List of Excluded Assets

1. Computer at Sewer Plant
2. Any personal items belonging to either the Operators or Employees of Turbotville Borough
3. Any hand tools (shovels, rakes, hammers, etc.) not utilized in the operation of system(s)
4. Lawn mowers, skid steers, or other Borough owned machinery not utilized in the operation of systems, that may happen to be present at the time of closing.
5. Locks to gates (to ensure no keys are missed)
6. Any clearly marked Borough vehicles or employee owned personal vehicles
7. Any Wall maps or other decoration not pertaining to the operation of the facility

Schedule 4.1(b)

Assets Subject to Leasehold Interest

NONE

Schedule 4.1(i)

Undisclosed Liabilities

NONE

Schedule 4.1(k)

List of Contracts

Denote with asterisk () those contracts requiring consent to assignment

- a. Agreement, dated November 7, 1956, between The Pennsylvania Railroad Company and The Municipal Authority of the Borough of Turbotville [Wastewater System related]

Schedule 4.1(k)(i)

Refund Arrangements

NONE

Schedule 4.1(I)(i)

Rights in Real Property and Leases

- a. **WATER SYSTEM:** Fee Parcel for Spring site and related appurtenances (Parcel No 026-00-011-007, See also Deed from Authority into Borough, dated March 30, 1989¹, recorded at DB 743, PG 327 – 0.69 acres) See also 4.1(I)(ii)1 on **Schedule 4.1(I)(ii)**
- b. **WATER SYSTEM:** Fee Parcel for Storage Tanks (Part of Parcel No 055-00-001-001-A) – Indenture, between Allen G. Stamm and The Municipal Authority of the Borough of Turbotville, dated September 30, 1999, recorded at DB 1258, PG 725; parcel contains approximately 0.279 acres and is an addition to the original tank site. See also BK 33, PG 41 for Consolidation Map for original tank site (0.093 acres) and newly acquired 0.279 acres
- c. **WASTEWATER:** Fee Parcel for Wastewater Treatment Plant and related appurtenances (Parcel No 055-00-012-022) comprised of the following: i) Deed, between William A. Clark, et al and The Borough of Turbotville, dated June 20, 1979, DB 562, PG 922 for 0.509 acres; and ii) Indenture, between Mabel Moser and The Municipal Authority of the Borough of Turbotville, dated July 14, 1956, DB 377, PG 204; iii) Indenture, between Thomas D. Moser & Mable Moser and The Municipal Authority of the Borough of Turbotville, dated June 26, 1945, DB 306, PG 431; iv) Deed of Dedication, between Robert Workman & Kathryn P. Workman and The Borough of Turbotville, dated March 14, 1972, DB 500, PG 227 (363 sqft); and v) Deed of Dedication, between Walter R. Fleeger & Jean L. Fleeger and The Borough of Turbotville, dated March 14, 1972, DB 500, PG 54.

¹ See easement #1 on Easement Schedule

Schedule 4.1(l)(ii)

Easements and Rights of Way

1. **WATER SYSTEM:** Deed, between Turbotville Water Company and The Municipal Authority of the Borough of Turbotville, dated March 31, 1959, that includes the fee parcel for the spring site (DB 392 P337 - see Schedule 4.1(l)(i) #a) – albeit the description seems slightly different – and also includes an easement across the adjacent parcel (026-00-011-007-A) as well as potentially other parcels (026-00-012-031-A, 026-00-012-039, & 055-00-001-001). See also Map Book 34, Page 8 and Map Book 60, Page 9.
2. **WATER SYSTEM:** Indenture of Easement, dated March 12, 1958, between Calvin Mathais, et ux and the Borough of Turbotville, et al (Parcel No.'s 026-00-012-036, 026-00-012-036-D, 026-00-012-036-E, 026-00-012-036-G, 026-00-012-036-J, 026-00-012-036-P, 026-00-012-039, and 026-00-011-007-A), DB 381, PG 305
3. **WATER SYSTEM:** Easement and Right of Way Agreement, dated August 15, 1991, between Turbotville National Bank and Borough of Turbotville (Parcel No 055-00-012-003-C), DB 825, PG 657.
4. **WATER SYSTEM:** Right-of-Way and Release, dated August 25, 1972, between Lola L. Pursel and The Borough of Turbotville. (Parcel No 055-00-012-023-A)DB ____, PG ____.
5. **WASTEWATER SYSTEM:** Easement and Right of Way Agreement, dated February 2, 1987, between Clark's Feed Mills, Inc. and Borough of Turbotville (Parcel No 055-00-012-021) DB ____, PG ____
6. **WASTEWATER SYSTEM:** Right-of-Way and Easement, dated June 28, 1956, between, Charles Saab and The Municipal Authority of the Borough of Turbotville (Parcel No 055-00-012-003-E) BK 379, PG 202
7. **WASTEWATER SYSTEM:** Right-of-Way and Easement, dated June 26, 1956, between, Donald C. Cooper and Margaret B. Cooper and The Municipal Authority of the Borough of Turbotville (Parcel No.'s 055-00-012-020-E & 020-K, 055-00-001-188-D, 188-H, 191, 192, & 193) BK 380, PG 40
8. **WASTEWATER SYSTEM:** Right-of-Way and Easement, dated June 26, 1956, between, Lloyd Joseph Dildine and Edythe M. Dildine and The Municipal Authority of the Borough of Turbotville (Parcel No 055-00-012-003-C) BK 380, PG 39
9. **WATER SYSTEM:** Easement and Right of Way Agreement, dated August 8, 1989, between Clark's AG Center, Inc. & Borough of Turbotville (Parcel No 055-0012-004) DB ____, PG ____.
10. **WASTEWATER SYSTEM:** Right-of-Way and Release, dated June 26, 1956, between Charles A. Pursel and Lola I. Pursel and the Municipal Authority of the Borough of Turbotville (Parcel No. 055-00-012-023-A) BK 379(2), PG 201
11. **WASTEWATER SYSTEM:** Easement and Right of Way Agreement, dated June 5, 1990, between Allen G. Stamm, et ux and Borough of Turbotville (Parcel No. 055-00-001-055-A), DB 785, PG 900.
12. **WASTEWATER SYSTEM:** Deed of Right of Way, between Cora A. Derr and the Municipal Authority of the Borough of Turbotville, dated June 26, 1946 (Parcel No.'s 055-00-001-079-A & 080), DB 308, PG 696
13. **WASTEWATER SYSTEM:** Easement and Right of Way Agreement, between Allen G. Stamm, et ux and Borough of Turbotville, dated June 5, 1990 (Parcel No. 055-00-012-023-A), DB785, PG 900

14. **WASTEWATER SYSTEM:** Parcels that appear as though easements will be needed include the following Parcel Numbers 055-00-001-059, 055-00-001-081; all of which to be verified by Seller prior to closing.
15. **WASTEWATER SYSTEM:** Deed of Right of Way and Dedication, between Yoder Development Group, Inc. and The Borough of Turbotville, dated September 4, 2008, (Parcel No's 055-00-001-055, and 055-00-001-055-A) DB 2143, PG 796.
16. **WATER SYSTEM:** Parcels that appear as though easements will be needed include Parcel No. 055-00-012-017-A; all of which to be verified by Seller prior to closing.
17. **WATER SYSTEM:** Deed of Right of Way and Dedication, between Yoder Development Group, Inc. and The Municipal Authority of the Borough of Turbotville, dated September 4, 2008, (Parcel No 055-00-001-055), DB _____, PG _____.

Schedule 4.1(l)(iii)

Options and Rights of First Refusal

NONE

Schedule 4.1(l)(v)

Taxes and Assessments

NONE

Schedule 4.1(l)(vi)

Required Repairs or Correction to Restore

NONE

Schedule 4.1(m)

Litigation

NONE

Schedule 4.1(p)

Violations of Law

NONE

Schedule 4.1(q)

Permits and Government Approvals

- **Wastewater System**
 - PA DEP National Pollutant Discharge Elimination System Permit No 0028100; Water Quality Management Permits 4999406 and 4988404 to be transferred to PAWC as noted in §§4.1(q) and 6.1(f) of the Agreement
- **Water System**
 - PA DEP Public Water Supply Permit No 14900501; Water Works Permit 4490016; and Order of Confirmation WA-276 to be transferred to PAWC as noted in §§4.1(q) and 6.1(f) of the Agreement
- **Other Approvals**
 - PA DEP acceptance and approval of any 537 Plan proposed changes necessary to consummate the transaction contemplated in the Agreement as it relates to PAWC's ability to employ its capital plan than that originally proposed by the Borough in their recent submission of their 537 Plan to PA DEP. See Recital A and §§ 6.1(f), 8.1(h) and 8.1(j) of the Agreement.
 - If PAWC deems it necessary, PAWC will enter into an acceptable Consent Order and Agreement ("CO&A") with DEP upon Closing regarding compliance with phosphorus and copper effluent limits. See § 8.1(k) of the Agreement.
 - PUC Final Order approving the application filing as noted in Recital D and §§ 4.1(q) and 6.1(f), 7.1 and 8.1(o) of the Agreement

Schedule 4.1(r)(iv)

Environmental Conditions

NONE

Schedule 4.1(t)

Extension Deposit Agreements

NONE

Schedule 5.1(c)

Assigned Contracts

- a. Agreement, dated November 7, 1956, between The Pennsylvania Railroad Company and The Municipal Authority of the Borough of Turbotville [Wastewater System related]

SECRETARY'S
REGISTRY NO.

192 914

PENNSYLVANIA PUBLIC UTILITY COMMISSION

CERTIFICATE OF FILING
P.U.M.C. 3555

Agreement dated November 7, 1956 between The Pennsylvania Railroad Company and the Municipal Authority of the Borough of Turbotville relating to the construction, operation and maintenance of sewage disposal system facilities under and across the tracks, right of way and property of said company, within the confines of State Highway Route 44, in the Borough of Turbotville, Northumberland County.

BY THE COMMISSION:

Now, March 1, 1957, the Public Utility Commission certifies that the above contract or indenture dated November 7, 1956, has been on file with the Commission since January 29, 1957, and that no proceedings have been instituted by the Commission in connection with it under Section 911 of the Public Utility Law.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

William P. Roan
WILLIAM P. ROAN
Secretary

THIS AGREEMENT, made in triplicate, this 7th day of November, 1956, between THE PENNSYLVANIA RAILROAD COMPANY, as first party, hereinafter called the "Railroad Company" and THE MUNICIPAL AUTHORITY OF THE BOROUGH OF TURBOTVILLE, a municipal corporation, existing in Northumberland County, Pennsylvania, as second party, hereinafter called the "Authority".

W I T N E S S E T H :

That the Railroad Company, in consideration of the payment by the Authority to the Railroad Company of FIFTEEN DOLLARS (\$15.00), as reimbursement for the expenses incident to the preparation of this agreement, and the further payment of an annual rental of TWENTY-FOUR DOLLARS (\$24.00), payable in advance on or before the first day of each year or portion thereof during which the Authority shall continue to accept the privileges granted herein, hereby consents to the construction, installation, maintenance, repair, renewal, operation, use and ultimate removal by the Authority, at its sole cost and expense, of: (1) an eight-inch W.I. pipe, 45 feet in length, encased in a 12-inch corrugated iron casing pipe, crossing under the tracks of the Railroad Company at Mile Post 5+3040 feet; (2) one 24-inch C.I. pipe manhole located at Mile Post 5+3048 feet within the confines of S. H. Route 44, and (3) an eight-inch Cast Iron sewer pipe, 250 feet in length, occupying the property of the Railroad Company longitudinally at Mile Post 5+3048 feet to Mile Post 5+3298 feet, all hereinafter called the "sewage disposal line", for the purpose of forming a part of a sewage disposal system in the Borough of Turbotville, Northumberland County, Pennsylvania, all as shown on detailed print of Plan No. 8100-B, dated July 25, 1955, last revised August 8, 1956, prepared by Engineer Mark C. Krause, attached hereto and made a part hereof as Exhibit "A", but under and subject to the conditions and obligations hereinafter mentioned which are accepted and agreed to as covenants by the Authority:

1. All materials and all work herein contemplated shall be furnished and performed by and at the sole cost and expense of the Authority or its agents and at such time and in such manner as shall be approved by the Regional Engineer of the Railroad Company; or the Railroad Company may, at its option, from time to time, furnish and provide such materials and do and perform such work or any portion thereof.

2. (a) The Authority at its sole expense and without disturbing or endangering the tracks of the Railroad Company, and in a manner approved by the Regional Engineer of the Railroad Company, shall construct, install and at all times maintain, repair and renew the sewage disposal line and shall in any event, upon notice in writing from the Railroad Company requiring it so to do, promptly maintain, repair or renew the whole or any part thereof; or the Railroad Company, for the purpose of protecting and safeguarding its property, traffic, employees, or patrons, may at any time, and with or without prior notice to the Authority, provide necessary materials for and do and perform any maintenance, repair or renewal thereof and the entire cost and expense thereof shall be promptly refunded by the Authority upon bill rendered.

(b) If the Railroad Company deems it advisable during the progress of any work of construction, maintenance, repair, renewal, alteration, adjustment or removal of the sewage disposal line and appurtenances of the Authority, to place watchmen or flagmen for the protection of the property owned or in possession or control of the Railroad Company, or its employees, patrons or licensees, the Railroad Company shall have the right so to do, and the Authority shall, upon bill rendered, pay or refund the cost of any expense thereof, plus fifteen percentum (15%) for supervision; but failure of said Railroad Company so to do or failure or neglect of said watchmen or flagmen shall in no event be construed to affect, in any manner or degree, any obligation of the Authority as provided in this agreement.

3. In the event the Railroad Company shall be required or may desire at any time or from time to time, to change the grade or location of any of its tracks or facilities, or to remove, construct or add to any of its tracks or facilities upon land now or hereafter owned or used by the Railroad Company, then the Authority shall, without cost or expense to the Railroad Company, and within thirty (30) days after service of notice in writing requiring it so to do, make such adjustments or relocations in its said sewage disposal line as may in the opinion of the Railroad Company be necessary and adequate.

4. The Authority hereby releases and waives all right or alleged right to ask for or demand damages from the Railroad Company for injury to or destruction of all property and equipment used in the construction, installation, maintenance, repair, renewal or removal of the sewage disposal line and appurtenances, and for injury to or destruction of the said sewage disposal line and appurtenances, including loss of service thereof, and whether attributable to the fault, failure or negligence of the Railroad Company, or otherwise; and the Authority hereby covenants and agrees to protect and save harmless the Railroad Company, its servants and employees from and against all loss, cost, damage and expense, and claims and demands therefor, caused by or attributable to the presence, location, construction, installation, maintenance, repair, renewal, use or removal of the sewage disposal line or injury or damage caused thereto or thereby, and whether to the property of the Railroad Company or to property in its possession, control or custody, to its employees, patrons or licensees, to the employees, patrons, contractors or licensees of the Authority or to the persons or property of others who may seek to hold the Railroad Company liable therefor, and whether attributable in whole or in part to the fault, failure or negligence of the Railroad Company, or otherwise.

5. The permission and privilege hereby granted shall be the personal privilege of the Authority and no assignment or transfer thereof shall be made or other use be permitted than as herein stated, without the consent and agreement in writing of the Railroad Company being first had and obtained.

6. In the event the Railroad Company shall furnish any materials for or do or perform any work in the construction, installation, maintenance, repair, renewal or removal of the sewage disposal line, then the Authority shall promptly refund to the Railroad Company the entire cost and expense thereof plus fifteen percentum (15%) of the invoice cost of materials and ten percentum (10%) of labor charges for overhead, and in addition thereto, current vacation percentages, paid holidays and health and welfare benefits and all taxes paid or accrued by the Railroad Company upon wages paid by it to its employees engaged in such work for Railroad Retirement Fund, Railroad Unemployment Insurance and any other Social Security taxes paid or accrued on such wages.

7. The Authority hereby agrees to pay to the Railroad Company the cost of supervision, protection and inspection which, in the judgment of the Railroad Company is necessary during the construction, installation, maintenance, repair, renewal or removal of the sewage disposal line upon bill rendered.

8. The Authority shall provide and furnish to the Railroad Company, free of cost, three certified copies of resolution or ordinance authorizing the execution of this agreement.

9. As a part of the consideration and inducement moving from the Authority to the Railroad Company for the consent by the Railroad Company, the Authority hereby covenants and agrees that no assessment of benefits or taxes of any character shall be levied or assessed against the Railroad Company or any of its property, or any property in its possession, control or custody, for the said sewage disposal line and in the event of said Railroad Company or its property, as aforesaid, being so assessed or liable for such benefits, the Authority agrees to pay the same promptly and protect and save harmless the Railroad Company therefrom.

10. This agreement shall take effect at the expiration of thirty (30) days from the date when a copy thereof shall be filed in the Office of the Secretary of the Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania; Provided that, if the said Commission shall, prior to the expiration of such period, institute a proceeding affecting its validity under the provisions of Section 911 of the Public Utility Law, this contract shall only become effective upon the approval thereof by the said Commission.

11. This agreement shall be deemed to be effective as between the parties hereto as of September 15, 1956 and it shall be terminable upon mutual consent of the parties hereto, provided that this agreement may be terminated by the Railroad Company upon the violation of any of the terms, covenants and conditions of this agreement on the part of the Authority; and upon the termination of this agreement, whether by

mutual consent or otherwise, the Authority shall thereupon take up and remove from the property and tracks of the Railroad Company said sewage disposal line and the right of way and property of the Railroad Company shall be restored to a neat, clean and safe condition. If the Authority fails or refuses to remove said sewage disposal line under the foregoing conditions, the Railroad Company shall be privileged to do so at the sole cost and expense of the Authority and the Railroad Company shall not be liable in any manner for such removal.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in triplicate the day and year first hereinabove written.

Attest:

THE PENNSYLVANIA RAILROAD COMPANY

John J. Plimans
ASST. Secretary

By: X *J. M. O'Leary*
~~Vice President and~~ Regional Manager

Attest:

THE MUNICIPAL AUTHORITY OF THE BOROUGH
OF TURBOTVILLE

Carl W. Reynolds
Secretary

By: *Frank Miller*
Chairman

STATE OF NEW YORK)
COUNTY OF ERIE) SS:

P. W. Neff, being duly sworn according to law, deposes and says that he is Regional Manager of the Northern Region of The Pennsylvania Railroad Company; that he is authorized to and does execute this agreement for it; and that the facts set forth hereinbefore are true and correct to the best of his knowledge, information and belief.

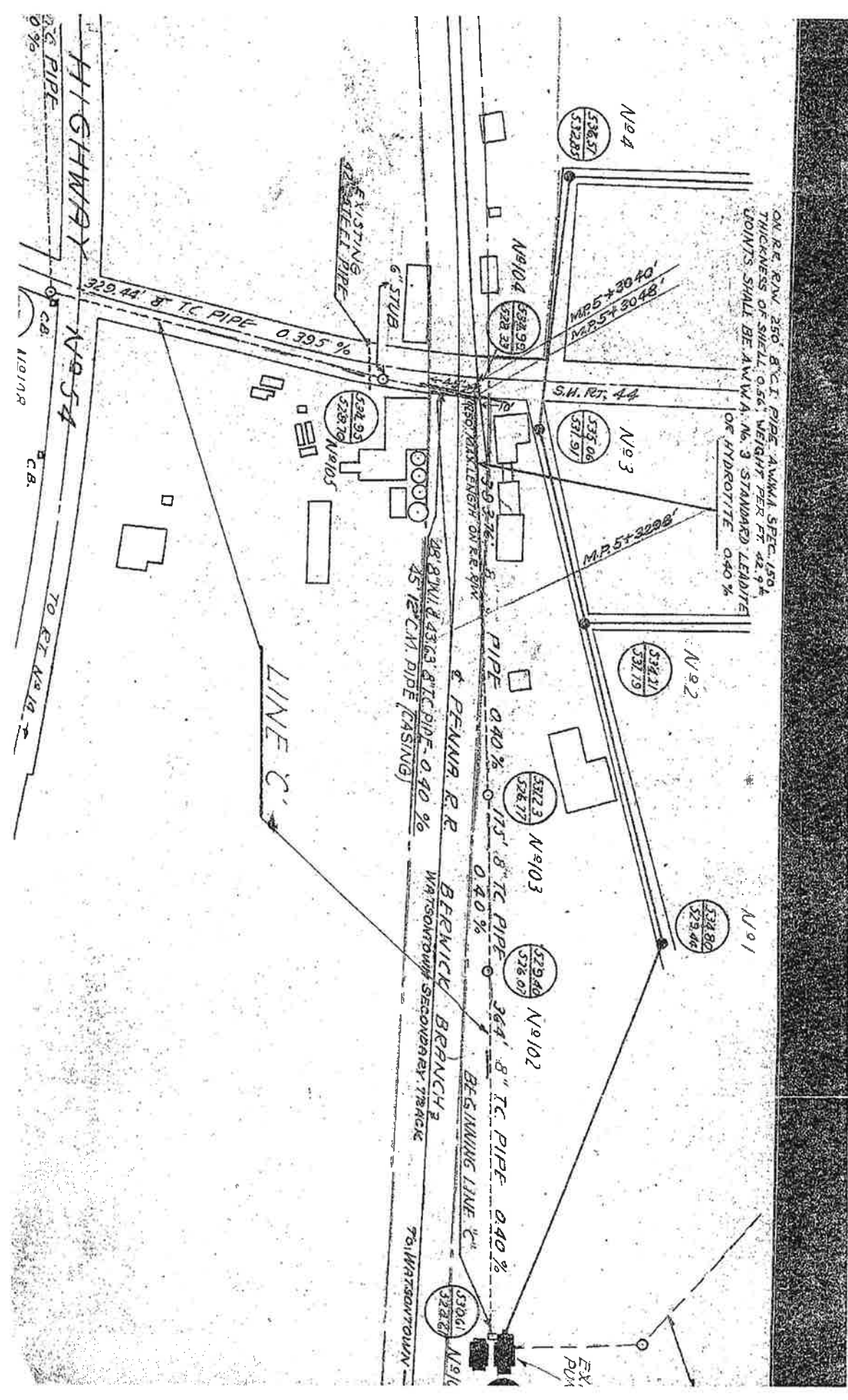
P. W. Neff

Sworn to and subscribed before me this
16th day of November, 1956

Albert M. Highgate

My commission expires March 30, 1958

ON R.R. RW. 250' B.C.I. PIPE. A.W.M.A. SPEC. 150'.
 THICKNESS OF SHELL 0.56"; WEIGHT PER FT. 42.94.
 JOINTS SHALL BE A.W.M.A. No. 3 STANDARD LEADITE
 OF HYDROLYTE 0.40 %



Schedule 6.1(j)

Wastewater System Base Rates Effective at Closing

RATES FOR RATE ZONE 1 - The rates as set forth below will be in effect for all Coatesville, Claysville and Clean Treatment wastewater customers. (C)

Metered Charges (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)
All metered customers shall be subject to a monthly service per equivalent dwelling unit (EDU).

A. Residential ***
Service Charge per month: \$ 7.50
Usage Charge per 100 gallons \$12.880 (D)

B. Commercial
Service Charge per month: \$20.00
Service Charge per month Coatesville only:
5/8" meter \$ 7.50
3/4" - 1 1/2" meter \$10.00
2" meter and up \$20.00
Usage Charge per 100 gallons \$11.194 (D)

C. Industrial
Service Charge per month: \$20.00
Usage Charge per 100 gallons \$11.194

D. Municipal
Service Charge per month: \$20.00
Usage Charge per 100 gallons \$11.194

Unmetered Charges -This charge is a flat rate fee for customers not metered for water consumption.

Residential *** \$58.50 per month, per EDU (D)
Commercial \$58.50 per month, per EDU (D)

*** As set forth in Page 4F, Residential Rates are subject to a 15% discount for qualifying low income customers.

Examples of Monthly Bills:

- (a) Residential 5/8-inch metered customer (1 EDU) consuming 4,000 gallons monthly would pay [(\$7.50 x 1 EDU) + (\$12.880 x (4,000 gallons/1,000 gallons))] or \$59.02
- (b) Commercial 1-inch metered customer (3 EDUs) consuming 12,000 gallons monthly would pay [(\$20.00 x 3 EDUs) + (\$11.194 x (12,000 gallons/1,000 gallons))] or \$194.33

Schedule 6.7

Water System Base Rates Effective at Closing

- Regardless of Customer Class Minimum Charge of \$82.07 per bi-monthly period for each Customer Unit, plus
- Metered Consumption Charges on a bi-monthly period are as follows:
 - 0-800 Cubic Feet – included with Minimum Charge
 - 801-1,100 Cubic Feet - \$7.14 per 100 Cubic Feet
 - 1,100 or more Cubic Feet - \$4.21 per Cubic Feet

The following is the conversion of the preceding into a Monthly Basis and employing 1,000 gallons/month as a unit of measure.

- Minimum Charge of \$41.035 per monthly per Equivalent Dwelling Unit, plus
- Metered Consumption Charges on a monthly basis are as follows:
 - First 2,992.21 Gallons – included with Minimum Charge
 - Next 1,122.08 Gallons - \$9.545 per 1,000 gallons
 - All Consumption in excess of 4,114.29 Gallons - \$5.628 per 1,000 gallons

Examples of Monthly Bills:

- (a) Residential 5/8-inch metered customer (1 EDU) consuming 4,000 gallons monthly would pay $[(\$41.035 \times 1 \text{ EDU}) + (\$9.545 \times ((4,000 - 2,992.21 \text{ gallons})/1,000 \text{ gallons}))]$ or \$51.10
- (b) Commercial 1-inch metered customer (3 EDUs) consuming 12,000 gallons monthly would pay $[(\$41.035 \times 3 \text{ EDUs}) + (\$9.545 \times ((4,114.29 - 2,992.21 \text{ gallons})/1,000 \text{ gallons})) + (\$5.628 \times ((12,000 - 4,114.29 \text{ gallons})/1,000 \text{ gallons}))]$ or \$178.20

Public Fire Service

- For all fire hydrants connected to and included as components of the Assets of the Water Authority that meet the flow requirements of the authority having jurisdiction; the municipality wherein the fire hydrant is situated will be billed \$15.10 per fire hydrant per month.

Schedule 8.1(a)

Form of Closing Certificate for Seller and Buyer

PENNSYLVANIA-AMERICAN WATER COMPANY

CLOSING CERTIFICATE

This Closing Certificate, dated as of _____, 201_ (the "**Closing Date**"), is being furnished pursuant to the provisions of that certain Assets Purchase Agreement dated _____ 2018 (as amended, the "**Agreement**"), made and entered into by and among the Borough of Turbotville, the Municipal Authority of the Borough of Turbotville (collectively, the "**Seller**"), and Pennsylvania American Water Company, a Pennsylvania corporation (the "**Buyer**"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The undersigned hereby certifies that he is an authorized signatory of Buyer, and further, on behalf of Buyer, hereby certifies with respect to the Buyer as follows:

(1) Representations and Warranties. The representations and warranties made by Buyer in Article 5 of the Agreement which are (a) not qualified by materiality are true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which are true and correct in all material respects as of such specified date) and (b) qualified by materiality are true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which are true and correct in all respects as of such specified date).

(2) Performance of the Obligations of Buyer. Buyer has performed in all material respects all obligations required under the Agreement to be performed by Buyer on or before the Closing Date.

[SIGNATURE APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Closing Certificate as of the date first above written.

BOROUGH OF TURBOTVILLE

By: _____
Name:
Its:

**MUNICIPAL AUTHORITY OF THE
BOROUGH OF TURBOTVILLE**

By: _____
Name:
Its:

Schedule 8.1(f)

Opinion of Counsel for Borough

[COUNSEL LETTERHEAD]

[DATE]

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

Ladies and Gentlemen:

I have acted as counsel for the Borough of Turbotville, a municipality organized and existing under the laws of the Commonwealth of Pennsylvania and the Municipal Authority of the Borough of Turbotville, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania ("**Borough**"), in connection with the execution and delivery by the Borough of the Asset Purchase Agreement dated _____, __, 2018 between the Borough, the Municipal Authority of the Borough of Turbotville and Pennsylvania-American Water Company ("**Buyer**"), a Pennsylvania corporation (the "**Purchase Agreement**"). This opinion is delivered to you pursuant to Paragraph 8.1(f) of the Purchase Agreement. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Purchase Agreement unless otherwise noted.

In connection with the opinions expressed below, I have made such examination of law and have examined originals, or copies certified or otherwise identified to my satisfaction, of the Purchase Agreement and all other agreements and instruments related to the Purchase Agreement to which the Borough is a party (the "**Transaction Documents**"), and such documents and records of the Borough, certificates of public officials and of officers of the Borough, and such other documents as I have deemed necessary or appropriate.

Based upon and subject to the foregoing, it is my opinion that as of the date hereof:

1. The Borough is a duly organized municipality of the Commonwealth of Pennsylvania, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and the Borough has the full power and lawful authority to operate the System and the Assets as now operated and to transfer to Buyer the rights, title and interest in and to the Assets.

2. The Borough has the full power and lawful authority to enter into the Purchase Agreement and the Transaction Documents and to consummate and perform the transactions contemplated by the Purchase Agreement and the Transaction Documents. The Borough has duly and validly authorized the execution, delivery and performance of the Purchase Agreement and the Transaction Documents by all necessary proceedings, and the Purchase Agreement and each of the Transaction Documents constitute the valid and binding obligations of the Borough enforceable against it in accordance with their respective terms. The Purchase Agreement and each of the Transaction Documents have been duly and validly executed and delivered.

3. No filings or registrations with, notifications to, or authorizations, consents, orders or approvals of, a governmental authority or third party are required to be obtained or made by the Borough in connection with the execution, delivery or performance by the Borough of the Purchase Agreement or any of the Transaction Documents, or the consummation by the Borough of the transactions contemplated thereby, except those which have been obtained on or prior to the date hereto. Neither the contemplated transactions, nor this Agreement or any of the Transaction Documents will result in the creation of any Encumbrance against any of the Assets.

4. The execution, delivery and performance of, and compliance with, the Purchase Agreement and the Transaction Documents do not violate any law, ordinance or regulation, do not conflict with, to my knowledge, any judgment, order or decree, and do not conflict with or result in a breach of or default under any contract, lease or Permit to which the Borough is a party or is otherwise bound or affected, or by which the Assets may be bound or affected. The execution and delivery of the Purchase Agreement and the Transaction Documents, and the consummation of the transactions contemplated thereby, do not violate, conflict with or result in the breach of, or constitute a default under, any term, condition or provision of the Borough's articles of incorporation, bylaws or other governing documents, or any instrument, contract, lease, agreement, Permit, certificate or other document to which the Borough is a party or is otherwise bound or affected, or by which the Assets may be bound or affected.

5. To my knowledge, the Borough is not party to, or subject to the provision of, any material judgment, order, writ, injunction, notice or decree of any court or of any governmental official, agency or instrumentality relating to the System or the Assets.

6. Except as disclosed in the Purchase Agreement, there is no action, suit, claim or litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending (including any citations, notices, summons or orders), and to my knowledge none are threatened against, pertaining to or affecting the System or any of the Assets (including any such actions, litigation and other claims against the Borough) before any court, arbitrator or governmental authority (including any governmental agency board or instrumentality), nor is there any order, writ, injunction or decree of any court, arbitrator or governmental authority, in existence against, pertaining to or affecting the Borough (including its commissioners, directors or officers), the System or any of the Assets, or which would reasonably be expected to prevent or materially interfere with or delay the Borough's ability to perform its obligations under the Purchase Agreement or any of the Transaction Documents.

Sincerely,

Opinion of Counsel for Authority

[COUNSEL LETTERHEAD]

[DATE]

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

Ladies and Gentlemen:

I have acted as counsel for the Municipal Authority of the Borough of Turbotville, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania (“**Authority**”), in connection with the execution and delivery by Seller of the Asset Purchase Agreement dated _____, __, 2018 by and among the Borough of Turbotville, the Authority and Pennsylvania-American Water Company (“**Buyer**”), a Pennsylvania corporation (the “**Purchase Agreement**”). This opinion is delivered to you pursuant to Paragraph 8.1(f) of the Purchase Agreement. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Purchase Agreement unless otherwise noted.

In connection with the opinions expressed below, I have made such examination of law and have examined originals, or copies certified or otherwise identified to my satisfaction, of the Purchase Agreement and all other agreements and instruments related to the Purchase Agreement to which the Authority is a party (the “**Transaction Documents**”), and such documents and records of the Authority, certificates of public officials and of officers of the Authority, and such other documents as I have deemed necessary or appropriate.

Based upon and subject to the foregoing, it is my opinion that as of the date hereof:

1. The Authority is a duly organized municipal authority of the Commonwealth of Pennsylvania, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and the Authority has the full power and lawful authority to operate the System and the Assets as now operated and to transfer to Buyer the rights, title and interest in and to the Assets.

2. The Authority has the full power and lawful authority to enter into the Purchase Agreement and the Transaction Documents and to consummate and perform the transactions contemplated by the Purchase Agreement and the Transaction Documents. The Authority has duly and validly authorized the execution, delivery and performance of the Purchase

Agreement and the Transaction Documents by all necessary proceedings, and the Purchase Agreement and each of the Transaction Documents constitute the valid and binding obligations of the Authority enforceable against it in accordance with their respective terms. The Purchase Agreement and each of the Transaction Documents have been duly and validly executed and delivered.

3. No filings or registrations with, notifications to, or authorizations, consents, orders or approvals of, a governmental authority or third party are required to be obtained or made by the Authority in connection with the execution, delivery or performance by the Authority of the Purchase Agreement or any of the Transaction Documents, or the consummation by the Authority of the transactions contemplated thereby, except those which have been obtained on or prior to the date hereto. Neither the contemplated transactions, nor this Agreement or any of the Transaction Documents will result in the creation of any Encumbrance against any of the Assets.

4. The execution, delivery and performance of, and compliance with, the Purchase Agreement and the Transaction Documents do not violate any law, ordinance or regulation, do not conflict with, to my knowledge, any judgment, order or decree, and do not conflict with or result in a breach of or default under any contract, lease or Permit to which the Authority is a party or is otherwise bound or affected, or by which the Assets may be bound or affected. The execution and delivery of the Purchase Agreement and the Transaction Documents, and the consummation of the transactions contemplated thereby, do not violate, conflict with or result in the breach of, or constitute a default under, any term, condition or provision of the Authority's articles of incorporation, bylaws or other governing documents, or any instrument, contract, lease, agreement, Permit, certificate or other document to which the Authority is a party or is otherwise bound or affected, or by which the Assets may be bound or affected.

5. To my knowledge, the Authority is not party to, or subject to the provision of, any material judgment, order, writ, injunction, notice or decree of any court or of any governmental official, agency or instrumentality relating to the System or the Assets.

6. Except as disclosed in the Purchase Agreement, there is no action, suit, claim or litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending (including any citations, notices, summons or orders), and to my knowledge none are threatened against, pertaining to or affecting the System or any of the Assets (including any such actions, litigation and other claims against the Authority) before any court, arbitrator or governmental authority (including any governmental agency board or instrumentality), nor is there any order, writ, injunction or decree of any court, arbitrator or governmental authority, in existence against, pertaining to or affecting the Authority (including its commissioners, directors or officers), the System or any of the Assets, or which would reasonably be expected to prevent or materially interfere with or delay the Authority's ability to perform its obligations under the Purchase Agreement or any of the Transaction Documents.

Sincerely,

Schedule 8.1(i)

Certification of Financial Information

CERTIFICATE AS TO DEBT, CONTRIBUTIONS
AND ADDITIONS AND RETIREMENTS

The undersigned office of the Municipal Authority of the Borough of Turbotville and the Borough of Turbotville, with regard to the Asset Purchase Agreement dated _____ 2018 (the "Agreement") by and among the Municipal Authority of the Borough of Turbotville and the Borough of Turbotville, collectively as Seller, and Pennsylvania-American Water Company ("PAWC"), as Buyer, for the sale of the Municipal Authority of the Borough of Turbotville's water system and the Borough of Turbotville's wastewater systems, hereby certifies that:

1. The amount of the Municipal Authority of the Borough of Turbotville's net outstanding long-term debt or notes related to the Water System is \$_____.
2. The amount of the Borough of Turbotville's net outstanding long-term debt or notes related to the Wastewater System is \$_____.
3. The amount of all unexpired customers' advances for construction and unexpected contributions in aid of construction is \$_____ for the Water System.
4. The amount of all unexpired customers' advances for construction and unexpected contributions in aid of construction is \$_____ for the Wastewater System.
5. The additions or retirements to the Water System during the period [date of Agreement] through the date of this Certificate, together with the cost thereof, are: \$_____.
6. The additions or retirements to the Wastewater System during the period [date of Agreement] through the date of this Certificate, together with the cost thereof, are: \$_____.

All of the foregoing statements are true and correct as of the _ day of _____, 20__.

ATTEST:

THE MUNICIPAL AUTHORITY OF
THE BOROUGH OF TURBOTVILLE

(SEAL)

ATTEST:

THE BOROUGH OF TURBOTVILLE

(SEAL)

Exhibit C

**Borough of Turbotville
Balance Sheet
December 31, 2017
(Dollars in thousands)**

	Borough of Turbotville 12 Months Ended December 31, 2017 (Audited)	
	<hr/>	
Assets		
Cash and cash equivalents	\$	51
Total property plant and equipment	\$	436
Total Assets	\$	487
		<hr/> <hr/>
Capitalization and liabilities		
Current Portion of Long-term Debt	\$	48
Total Long-term Debt	\$	399
Stockholder's equity	\$	40
Total Capitalization and liabilities	\$	487
		<hr/> <hr/>

Exhibit D

**PA American Water
Balance Sheet
December 31, 2017
(Dollars in thousands)**

	PA American Water 12 Months Ended December 31, 2017 (Audited)
Assets	
Cash and cash equivalents	\$ 3,583
Other current assets	\$ 103,700
Total property plant and equipment	\$ 4,332,012
Regulatory assets & other L/T Assets	\$ 188,472
Total Assets	\$ 4,617,767
Capitalization and liabilities	
Short Term Debt	\$ 321,689
Current Portion of Long-term Debt	\$ 117,443
Other current liabilities	\$ 152,835
Total Long-term Debt	\$ 1,256,993
Regulatory & other Long Term Liabilities	\$ 970,813
Stockholder's equity	\$ 1,604,607
Contributions in aid of construction	\$ 193,387
Total Capitalization and liabilities	\$ 4,617,767

Exhibit E

Borough of Turbotville
Income Statement for the 12 Months Ended December 31, 2017 (audited)
(Dollars in thousands)

	Borough of Turbotville	
	12 Months Ended	
	December 31, 2017	
	(Audited)	
	<hr/>	
Operating revenues	\$	186
Operating expenses		
Operation and maintenance	\$	175
Depreciation and amortization		
General taxes and other		
Total Operating Expenses	\$	175
Operating income	\$	11
Other income/(expenses)		
Other income, net	\$	(4)
Interest expense, net		
Income before income taxes	\$	7
Provision for income taxes		
Net income	\$	7
		<hr/> <hr/>

Exhibit F

PA American Water
Income Statement for the 12 Months Ended December 31, 2017 (audited)
(Dollars in thousands)

	PA American Water	
	12 Months Ended	
	December 31, 2017	
	(Audited)	
	<hr/>	
Operating revenues	\$	661,088
Operating expenses		
Operation and maintenance	\$	195,123
Depreciation and amortization	\$	114,843
General taxes and other	\$	5,093
Total Operating Expenses	\$	315,059
		<hr/>
Operating income	\$	346,029
		<hr/>
Other income/(expenses)		
Other income, net	\$	(630)
Interest expense, net	\$	(71,254)
Total Other Expenses	\$	(71,884)
		<hr/>
Income before income taxes	\$	274,145
		<hr/>
Provision for income taxes	\$	113,441
		<hr/>
Net income	\$	160,704
		<hr/> <hr/>

Exhibit G

PA American Water & Borough of Turbotville
Pro-Forma Balance Sheet
December 31, 2017
(Dollars in thousands)

	PA American Water December 31, 2017 (Audited)	Borough of Turbotville December 31, 2017 (Audited)	Consolidated December 31, 2017 (Pro Forma)
Assets			
Cash and cash equivalents	\$ 3,583	\$ 51	\$ 3,634
Other current assets	\$ 103,700	\$ -	\$ 103,700
Total property plant and equipment	\$ 4,332,012	\$ 436	\$ 4,332,448
Regulatory assets & other L/T Assets	\$ 188,472	\$ -	\$ 188,472
Total Assets	\$ 4,617,767	\$ 487	\$ 4,618,254
Capitalization and liabilities			
Short Term Debt	\$ 321,689	\$ -	\$ 321,689
Current Portion of Long-term Debt	\$ 117,443	\$ 48	\$ 117,491
Other current liabilities	\$ 152,835	\$ -	\$ 152,835
Total Long-term Debt	\$ 1,256,993	\$ 399	\$ 1,257,392
Regulatory & other Long Term Liabilities	\$ 970,813	\$ -	\$ 970,813
Stockholder's equity	\$ 1,604,607	\$ 40	\$ 1,604,647
Contributions in aid of construction	\$ 193,387	\$ -	\$ 193,387
Total Capitalization and liabilities	\$ 4,617,767	\$ 487	\$ 4,618,254

Exhibit H

PA American Water & Borough of Turbotville
Pro Forma Income Statement for the 12 Months Ended December 31, 2017
(Dollars in thousands)

	PA American Water 12 Months Ended December 31, 2017 (Audited)	Borough of Turbotville 12 Months Ended December 31, 2017 (Audited)	Consolidated 12 Months Ended December 31, 2017 (Pro Forma)
Operating revenues	\$661,088	\$ 186	\$ 661,274
Operating expenses			
Operation and maintenance	\$195,123	\$ 175	\$ 195,298
Depreciation and amortization	\$114,843	\$ -	\$ 114,843
General taxes and other	\$5,093	\$ -	\$ 5,093
Total Operating Expenses	\$315,059	\$ 175	\$ 319,896
Operating income	\$346,029	\$ 11	\$ 346,040
Other income/(expenses)			
Other income/(expense), net	\$ (630)	4	\$ (626)
Interest expense, net	\$ (71,254)	\$ -	\$ (71,254)
Total Other Expenses	\$ (71,884)	\$ 4	\$ (71,880)
Income before income taxes	\$ 274,145	\$ 7	\$ 274,152
Provision for income taxes	\$ 113,441	\$ -	\$ 113,441
Net income	\$ 160,704	\$ 7	\$ 160,711

Exhibit I

PENNSYLVANIA-AMERICAN WATER COMPANY

I, ANDREW L. SWOPE, Secretary of Pennsylvania-American Water Company, a Pennsylvania corporation (the "Company") DO HEREBY CERTIFY that below is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company at a meeting thereof duly convened and held on November 9, 2017, at which meeting a quorum was present and acting throughout, and that such resolutions have not been amended or rescinded and are still in full force and effect.

RESOLVED, the officers of the Company be, and they hereby are, authorized to purchase the assets of the Turbotville water and wastewater systems; and

RESOLVED, that the proper officers of the Company be, and hereby are, authorized and directed to execute and deliver to Turbotville an agreement to purchase Turbotville's water and wastewater assets; and

RESOLVED, that the proper officers including but not limited to the President or a Vice President of the Company be, and hereby are, authorized and directed to execute and deliver any and all documents, make all filings and do any other thing which they may deem necessary, proper or desirable to effectuate the purposes of the foregoing resolution, and to carry out the closing of the purchase of Turbotville's water and wastewater assets; and

RESOLVED, that any and all actions previously taken by such proper officers of the Company in executing and delivering to Turbotville an agreement to purchase the assets are ratified, confirmed and approved.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of this Company this 24th day of July, 2018.




Secretary

Exhibit J

RESOLUTION NO. 6-18

A RESOLUTION OF THE BOROUGH OF TURBOTVILLE ACCEPTING THE ASSET PURCHASE AGREEMENT OF THE PENNSYLVANIA AMERICAN WATER COMPANY TO PURCHASE THE WASTEWATER SYSTEM OWNED BY THE BOROUGH OF TURBOTVILLE.

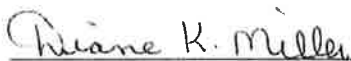
NOW, THEREFORE, BE IT RESOLVED by the Borough of Turbotville, Northumberland County, Pennsylvania, as follows:

SECTION 1. The Borough of Turbotville hereby accepts the Final Asset Purchase Agreement and accompanying schedules of the Pennsylvania American Water Company to purchase the wastewater system owned by the Borough of Turbotville respectively based upon the terms of the sale and final purchase agreement dated June 25, 2018.

SECTION 2. The Borough of Turbotville further authorizes entering into a joint agreement with the Municipal Authority of the Borough of Turbotville and Pennsylvania American Water Company for the Municipal Authority of the Borough of Turbotville to sell the water system owned by the Municipal Authority of the Borough of Turbotville to Pennsylvania American Water Company for the sum of \$635,000.00, and the Borough of Turbotville to sell its wastewater system to the Pennsylvania American Water Company for the sum of \$365,000.00, provided that the terms of the final agreement are such that the purchase prices are separate and payable to the respective Seller and expenses pertaining to the Borough's sale and purchase will be separate from the expenses pertaining to the Municipal Authority of the Borough of Turbotville for the sale of the water system. Any expenses which are not attributable solely to the Borough of Turbotville will be paid based upon the percentage of the respective sale to the total sale price, so that the Borough's share of joint expenses will be 36.5% and the Authority's share will be 63.5%.

DULY ENACTED AND ORDAINED this 25th day of June, 2018.

ATTEST:


Borough Secretary



Council President

Exhibit K

ORDINANCE NO. 1-18

AN ORDINANCE OF THE BOROUGH OF TURBOTVILLE, NORTHUMBERLAND COUNTY, PENNSYLVANIA AMENDING ORDINANCE NO. 99-04 AND SETTING NEW USER CHARGES TO BE COLLECTED FROM THE OWNER OF EACH IMPROVED PROPERTY SERVED BY THE SEWER SYSTEM

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Borough Council of the Borough of Turbotville, and it is hereby enacted and ordained by the authority of the same as follows:

SECTION 1. Ordinance 11-12, Ordinance 2-09, Ordinance 99-04, and Ordinance 90-5 as amended, which sets forth the annual flat rate user charge payable for equivalent dwelling unit shall be amended as follows:


A. The annual flat rate user charge payable per equivalent dwelling unit shall be \$522.00, effective with April 2018 billing and thereafter.

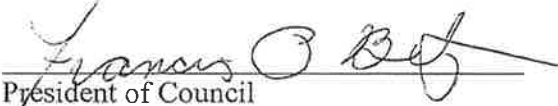
SECTION II. All other provisions set forth in Ordinance No. 99-04, as amended, shall be and shall remain in full force and effect.

SECTION III: All ordinances or parts there of inconsistent herewith are hereby repealed.

ENACTED AND ORDINANCED into an Ordinance this 5 day of February, 2018.

ATTEST:


Borough Secretary


President of Council

APPROVED the 5th day of February, 2018.


Mayor

Exhibit L

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 7 – METERED AND UNMETERED (C)

APPLICABILITY

The rates under this schedule apply in the Turbotville service territory for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial, Municipal and Industrial classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly service per equivalent dwelling unit (EDU).

A. <u>Residential</u>	
Service Charge per month:	\$ 7.50
Usage Charge per 100 gallons	\$1.2880
B. <u>Commercial</u>	
Service Charge per month:	\$20.00
Usage Charge per 100 gallons	\$1.1194
C. <u>Industrial</u>	
Service Charge per month:	\$20.00
Usage Charge per 100 gallons:	\$1.1194
D. <u>Municipal</u>	
Service Charge per month:	\$20.00
Usage Charge per 100 gallons:	\$1.1194

UNMETERED CHARGES -This charge is a flat rate fee for customers not metered for water consumption.

A. <u>Residential and Commercial</u>	
Flat rate per month, per EDU:	\$58.50

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section U– Industrial Pretreatment Program (Scranton-Area) (All Service Areas under Rate Zones 1 (Except Coatesville), 2, 3 and 7) (IPP-S) (C)

This Section applies to Industrial and Commercial customers served throughout the Company's service territory under Rate Zone 1 of this tariff, except for the customers subject to Section T of this tariff pursuant to the provisions thereof, and Rate Zones 2, 3 and 7 of this tariff. All such customers shall comply with the "Industrial Pretreatment Program (Scranton-Area)" ("IPP-S") as required by and submitted to the Pennsylvania Department of Environmental Protection and as may be amended from time to time. The currently effective IPP-S will be made available on the Company's website.

Such customers shall be responsible for the charges and fees scheduled below related to the implementation, administration, and enforcement of the IPP-S, and for the additional costs for treatment of wastewaters from such customers who have loadings and characteristics that are in excess of Domestic Sewage as defined by the IPP-S. Pursuant to the IPP-S, IPP-S fees are set by this tariff. IPP-S fees are separate from and in addition to all other rates chargeable by the Company under this tariff.

The fees as set forth in Schedule IPP-S-1 below will be in effect for customers subject to the IPP-S. Terms are as defined by IPP-S.

SCHEDULE IPP-S-1

1.1. General Fees

1.1.1. IWDP Application Fee: \$1,000.00

1.1.2. IWDP Transfer/Modification/Renewal Fee: \$250.00

1.1.3. Facility Inspection Fee: \$250.00 per inspection

1.1.4. Monitoring Report Review Fee: \$250.00 per monitoring report

1.1.5. Sampling and Analysis Fee: Actual cost of sampling and laboratory analysis plus 25% to cover administrative costs.

1.1.6. Accidental Discharge, Slug Control, and/or Monitoring Fee: Actual cost of response to accidental discharges or discharges of slugs loads, including but not limited to the costs incurred for any additional treatment or other actions required to manage such discharges, monitoring and response to such discharges, correction of any resulting contamination or other impacts to the Treatment Works, including the Collection System and Treatment Plant.

1.1.7. Compliance and Enforcement Fee - Administrative and Legal: Actual cost incurred by the Company for investigation and actions to address a User's non-compliance with the terms of this IPP or any IWDP.

1.1.8. Damage Repair: Actual cost for cleaning, repair, replacement and/or correction of any damage to the Treatment Works, including the Collection System and the Treatment Plant, caused or contributed to by a User's discharge.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section U – Industrial Pretreatment Program (Scranton-Area) (All Service Areas under Rate Zones 1 (Except Coatesville), 2, 3 and 7) (IPP-S) (cont'd) (C)

1.2. Specific Fees

1.2.1. Industrial Loading Fee - applicable on a quarterly basis to discharges with loadings above typical Domestic Sewage loadings up to but not exceeding any applicable Local Limit or IWDP limit, based on sampling and analysis by the Company and sampling required to be reported by the User under an IWDP:

Quarterly Fee (\$) = $Q \times \{((\text{BOD5 Actual} - \text{BOD5 Domestic}) \times \text{BOD5 Cost Factor}) + ((\text{NH3-N Actual} - \text{NH3-N Domestic}) \times \text{NH3-N Cost Factor}) + ((\text{TSS Actual} - \text{TSS Domestic}) \times \text{TSS Cost Factor})\}$

Where:

BOD5 Actual = actual concentration of BOD5 in mg/l as measured by the Company or the Industrial User

BOD5 Cost Factor = Treatment cost for BOD5 for the system = 0.0045

BOD5 Domestic = 330 mg/l, the typical concentration in Domestic Sewage

NH3-N Actual = actual concentration of NH3-N in mg/l as measured by the Company or the Industrial User

NH3-N Cost Factor = Treatment cost for NH3-N for the system = 0.0063

NH3-N Domestic = 23 mg/l, the typical concentration in Domestic Sewage

Q = Total flow for the quarter measured in thousand gallons

TSS Actual = actual concentration of TSS in mg/l as measured by the Company or the Industrial User

TSS Cost Factor = treatment cost for TSS for the system = 0.0028

TSS Domestic = 350 mg/l, the typical concentration in Domestic Sewage

1.2.2. Excess Loading Fee - applicable to discharges with loadings that exceed a Local Limit or IWDP limit:

If in any monthly period, the loading of BOD5, NH3-N, or TSS exceeds a Local Limit or IWDP limit, then for the applicable parameter, in calculating the Industrial Loading Fee under §1.2.1, the BOD5 Cost Factor, , NH3-N Cost Factor and/or TSS Cost Factor, applicable to the total loading of that parameter will be 125% of the value set forth in §1.2.1 to compensate for the additional administrative, oversight and management costs associated with managing such excessive loadings.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

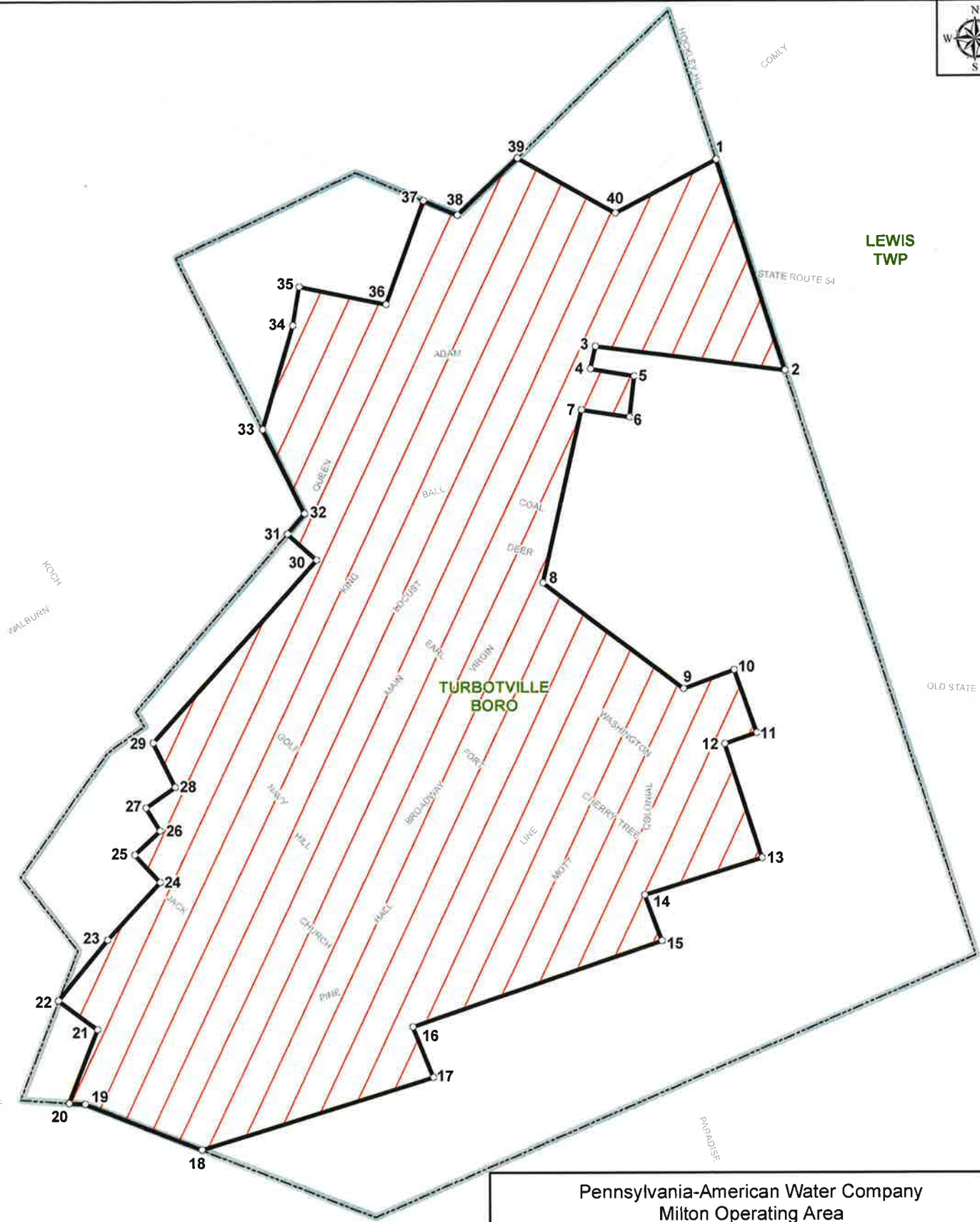
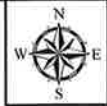
Section U – Industrial Pretreatment Program (Scranton-Area) (All Service Areas under Rate Zones 1 (Except Coatesville), 2, 3 and 7) (IPP-S) (cont'd) (C)

1.2 Specific Fees (cont'd)

1.2.3. **Special Discharge Fee** - applicable to discharges with loadings or concentrations that exceed a Local Limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damages to the facility, or require extraordinary measures:

Fee = Actual cost incurred by the Company, including but not limited to: (1) additional costs of managing impacted sludge (including costs related to use of alternative disposal facilities, additional monitoring, etc.), (2) costs of acquiring nutrient credits to meet NPDES Permit cap limits; (3) costs of repairs to and restoration of the Treatment Works, including the Collection System and Treatment Plant; or (4) costs of implementing any other measures required to control, manage and address such excessive loadings or concentrations.

Exhibit M





LEWIS TWP

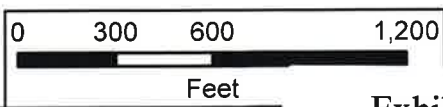
TURBOTVILLE BORO

Pennsylvania-American Water Company
Milton Operating Area
Proposed Service Territory - Turbotville Wastewater System
Approximately 166 Acres
Lewis Township, Northumberland County



- Bearings and Distance Points
-  Applied for Service Territory
-  Municipality

Disclaimer: Bearings and distances were not developed as a result of a physical survey completed by a Professional Licensed Surveyor, but instead completed through employment of ESRI's ArcGIS COGO tool
* Bearings and Distances attached separately



TO BE USED FOR REFERENCE ONLY
Although every effort has been made to ensure the accuracy of the information errors and conditions originating from physical sources to develop the Certified Service Territory may be reflected in the data supplied.

Exhibit N

Starting Point: The point runs along the border of Turbotsville Borough and Lewis Township, 150' south of Comly Road.

<u>Sequence</u>	<u>From</u>	<u>To</u>	<u>Bearing</u>	<u>Distance (ft)</u>
1	1	2	S17°55'31"E	965.75
2	2	3	N82°39'55"W	830.16
3	3	4	S12°48'15"W	100.90
4	4	5	S80°32'16"E	190.43
5	5	6	S6°25'08"W	180.02
6	6	7	N80°50'16"W	210.65
7	7	8	S12°42'31"W	772.52
8	8	9	S52°57'45"E	764.78
9	9	10	N70°01'01"E	235.57
10	10	11	S19°41'00"E	289.36
11	11	12	S70°30'05"W	148.47
12	12	13	S18°12'08"E	522.58
13	13	14	S72°37'03"W	538.94
14	14	15	S20°20'39"E	212.26
15	15	16	S70°57'48"W	1144.93
16	16	17	S22°12'13"E	236.70
17	17	18	S72°41'41"W	1051.19
18	18	19	N68°29'52"W	545.68
19	19	20	N86°04'26"W	71.03
20	20	21	N21°11'39"E	343.48
21	21	22	N53°36'56"W	211.10
22	22	23	N39°07'49"E	340.17
23	23	24	N42°52'44"E	341.78
24	24	25	N42°47'51"W	164.57
25	25	26	N47°23'09"E	151.93
26	26	27	N31°53'27"W	118.52
27	27	28	N54°56'26"E	155.72
28	28	29	N26°18'04"W	217.01
29	29	30	N41°45'49"E	1064.28
30	30	31	N48°16'25"W	171.19
31	31	32	N40°19'34"E	116.14
32	32	33	N26°29'32"W	408.26
33	33	34	N16°16'07"E	470.68
34	34	35	N9°50'01"E	170.21
35	35	36	S78°21'59"E	388.13
36	36	37	N19°54'21"E	480.78
37	37	38	S66°44'48"E	160.61
38	38	39	N46°10'10"E	356.96
39	39	40	S60°44'49"E	491.22
40	40	1	N61°57'53"E	497.26

Exhibit O



800 West Hersheypark Drive
Hershey, PA 17033
P 717-531-5000
F 717-531-3399

August 8, 2018

Via Certified Mail

Borough of Turbotville
Planning Commission
2 Adam Street
P.O. Box 264
Turbotville, PA 17772

Re: Pennsylvania -American Water Company application to acquire the Borough of Turbotville's wastewater system, Northumberland County, Pennsylvania.

Pennsylvania American Water Company (Pennsylvania American Water) is submitting an application under Section 1102(a) and 507 of the Pennsylvania Public Utility Commission (PUC) Code, 66 Pa. C. S. §§1102 (a), 507 for the acquisition of the Borough of Turbotville's wastewater system and its related assets.

As part of the application process, the PUC requested Pennsylvania American Water seek the Borough's input for the purpose of determining if Pennsylvania American Water's application complies with the Borough's land use planning.

Specifically, the PUC requests that the Borough review the following questions:

1. Are there adopted municipal comprehensive plans for the townships/boroughs involved? Yes
2. Is there an adopted county comprehensive plan? No
3. Is there an adopted multi-municipal or multi-county comprehensive plan? Yes
4. Is there an adopted county or municipal zoning ordinance or joint municipal zoning ordinance? Yes
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? Yes
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at 717-790-3044 or e-mail scott.fogelsanger@amwater.com.

Sincerely,


Scott Fogelsanger
Sr. Manager, Business Development

Pennsylvania American Water's application is consistent with the applicable comprehensive plans and zoning ordinances.

Borough of Turbotville Signature Diane K. Miller
Printed Name/Title Diane K Miller / Secretary-Treasurer Date 8-13-18

Please send/e-mail this form to: Bobbi Gautsch at roberta.gautsch@amwater.com.



800 West Hersheypark Drive
Hershey, PA 17033
P 717-531-5000
F 717-531-3399

August 8, 2018

Via Certified Mail

Northumberland County
Planning Commission
399 Stadium Drive
Sunbury, PA 17801

Re: Pennsylvania -American Water Company application to acquire the Borough of Turbotville’s wastewater system, Northumberland County, Pennsylvania.

Pennsylvania American Water Company (Pennsylvania American Water) is submitting an application under Section 1102(a) and 507 of the Pennsylvania Public Utility Commission (PUC) Code, 66 Pa. C. S. §§1102 (a), 507 for the acquisition of the Borough of Turbotville’s wastewater system and its related assets.


As part of the application process, the PUC requested Pennsylvania American Water seek the County’s input for the purpose of determining if Pennsylvania American Water’s application complies with the County’s land use planning.

Specifically, the PUC requests that the County review the following questions:

1. Are there adopted municipal comprehensive plans for the townships/boroughs involved? _____
2. Is there an adopted county comprehensive plan? _____
3. Is there an adopted multi-municipal or multi-county comprehensive plan? _____
4. Is there an adopted county or municipal zoning ordinance or joint municipal zoning ordinance? _____
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? _____
6. If the answer is “yes” to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at 717-790-3044 or e-mail scott.fogelsanger@amwater.com.

Sincerely,


Scott Fogelsanger
Sr. Manager, Business Development

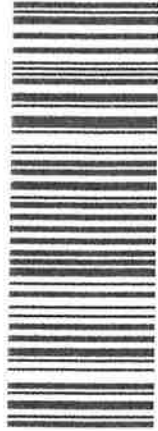
Pennsylvania American Water’s application is consistent with the applicable comprehensive plans and zoning ordinances.

Northumberland County Signature _____
Printed Name/Title _____ Date _____

Please send/e-mail this form to: Bobbi Gautsch at roberta.gautsch@amwater.com.

7015 0920 0002 1776 9659

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.
CERTIFIED MAIL®



7015 0920 0002 1776 9659

7015 0920 0002 1776 9659

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.
OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	


Sent to
Northumberland County Planning Comm.
 Street & Apt. No.,
 or PO Box No. *399 Stadium Dr.*
 City, State, ZIP+4
Sunbury, Pa 17801

PS Form 3800, July 2014 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
*Northumberland County
 Planning Commission
 399 Stadium Drive
 Sunbury, Pa 17801*



9590 9402 2330 6225 3725 26

2. Article Number (Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) | |

Exhibit P

PA American Water
Estimated Annual Revenues and Expenses of New Service Area
Year 1
(Dollars in thousands)

Revenues	\$	244
Operation and maintenance	\$	97
Depreciation	\$	41
General Taxes	\$	<u>3</u>
Operating Income	\$	103
Interest Expense	\$	<u>(14)</u>
Income before income taxes	\$	89
Income Taxes	\$	<u>(37)</u>
Net Income	\$	<u><u>52</u></u>