



Brian Ardire

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December 12, 2018

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

In Re: Lease Amendment to Agreement dated September 29, 2015 between
Pennsylvania-American Water Company and Fairview Township
Docket No. U-2015-2507298

Dear Secretary Chiavetta:

Attached for e-filing under Section 507 of the Public Utility Code, 66 Pa. C.S. §507, is an Amendment to the Lease Agreement between Pennsylvania-American Water Company and Fairview Township. The purpose of the Amendment is to extend the term of the agreement to a year-to-year basis. The original Agreement was approved by the Commission on December 17, 2015.

Sincerely,

Brian A. Ardire

blg

Attachment

LEASE AMENDMENT

THIS LEASE AMENDMENT (“Amendment”) made as of this 4th day of December, 2018, by and between PENNSYLVANIA – AMERICAN WATER COMPANY (hereinafter called “PAWC”) and the TOWNSHIP OF FAIRVIEW (hereinafter called “Fairview”). Each of PAWC and Fairview are individually referred to herein as a “Party” and collectively, as the “Parties.”

WITNESSETH

WHEREAS, PAWC and Fairview entered into a Lease Agreement on or about September 29, 2015 (hereinafter called the “Lease Agreement”) for a location at 57 Fairview Road, New Cumberland, PA 17070;

WHEREAS, the term of the Lease Agreement was for three (3) years, beginning December 17, 2015 and ending on December 16, 2018;

WHEREAS, PAWC and Fairview now mutually desire to amend the Lease Agreement to extend the term to a year-to-year basis (“Additional Term”);

WHEREAS, PAWC and Fairview now mutually desire to amend the Lease Agreement to modify and add certain terms and conditions for the Additional Term;

WHEREAS, PAWC will file this Amendment and the Lease Agreement with the Pennsylvania Public Utility Commission (“PUC”) within five (5) business days of execution by the parties; and

WHEREAS, the Parties acknowledge and agree that if PUC approval is not obtained before the December 16, 2018 end date, the Lease Agreement will continue under its original terms and conditions until PUC approval is obtained.

NOW THEREFORE, in consideration of the foregoing and the mutual agreement of the Parties hereto to the terms and conditions set forth below, the Parties, intending to be legally bound, agree as follows:

1. **Definitions.** Except as noted to the contrary in this Amendment, capitalized terms used in this Amendment shall be defined as provided in the Lease Agreement, and the Lease Agreement is attached hereto and incorporated herein as Exhibit “1.”
2. **Effective Date.** The terms of this Amendment shall be effective after full execution of this Amendment by PAWC and Fairview, and approval by the PUC (the “Amendment Effective Date”).
3. **Term.** Section 3 of the Lease Agreement shall be deleted in its entirety and replaced with the following:

"The term of this Lease shall commence on the Effective Date and shall continue for three (3) years thereafter. Unless either party provides written notice to the other party no less than 60 days prior to the anniversary date of the Effective Date of its desire to terminate the Lease Agreement, the term shall continue on a year-to-year basis until either party terminates.

4. Repairs and Maintenance. Section 15(b) of the Lease Agreement shall be amended to provide that Lessee shall be responsible for cutting and maintaining the grass and other landscaping on the Premises for the duration of the Term. Lessee shall also be responsible for all snow plowing and snow removal if required on the Premises for the duration of the term.

5. Ratification. Except as set forth above, all other terms and conditions of the Lease Agreement are ratified and affirmed, and shall remain in full force and effect.

6. Entire Agreement. This Amendment contains all the agreements and understandings made between the Parties with respect to the terms set forth in this Amendment. No prior or contemporaneous oral or written understandings or representations other than as set forth in this Amendment shall be enforceable against either Party.

7. Successors and Assigns. Except as otherwise provided in the Agreement, this Amendment shall be binding upon and inure to the benefit of the Parties hereto, the heirs, personal representatives, and the permitted successors, transferees and assigns.

8. Authority. The undersigned hereby represent and warrant each to the other that (i) they have the legal right, power and authority to enter into this Agreement on behalf of the Party for whom they are a signatory, (ii) the execution, delivery and performance of this Amendment has been duly authorized, and (iii) no other action is required for the validity and binding execution, delivery and performance of the Agreement as modified by this Amendment.

9. Recitals. The Parties acknowledge the accuracy of the foregoing recitals which are incorporated by reference herein and are made a part of this Amendment.

10. Counterparts. This Amendment may be executed in one or more counterparts (including by means of telecopied or electronic signature pages or signature pages delivered by electronic transmission in portable document format (pdf)), all of which taken together shall constitute one and the same instrument. This Amendment, to the extent signed and delivered by means of a facsimile machine or electronic transmission in portable document format (pdf), shall be treated in all manner and respects as an original instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any Party hereto or to any such instrument, each other Party shall re-execute original forms thereof and deliver them to all of the Parties.

11. PUC Approval. The obligation of PAWC under this Amendment are conditioned upon PAWC receiving the approvals of the Pennsylvania Public Utility Commission ("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 this Amendment.

[signature page follows]

IN WITNESS WHEREOF, this Amendment is entered into by the Parties as of the date as set forth above.

PENNSYLVANIA - AMERICAN WATER COMPANY

By: Joseph Woodward
Name Printed: Joseph Woodward
Title: Senior Manager

TOWNSHIP OF FAIRVIEW

By: D.F. Martz
Name Printed: Donald F. Martz
Title: Township Manager

EXHIBIT 1

Lease Agreement

Please see attached.

LEASE

THIS LEASE AGREEMENT ("Lease"), entered into this 29 day of September, 2015, between **PENNSYLVANIA AMERICAN WATER COMPANY**, a corporation organized under the laws of the Commonwealth of Pennsylvania (hereinafter called "Lessor"), and the **TOWNSHIP OF FAIRVIEW**, a Pennsylvania municipal corporation organized and existing under the provisions of the laws of the Commonwealth of Pennsylvania as a Second Class Township (hereinafter called "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that agreement dated as of June 1, 2015, whereby Lessor agreed to purchase from Lessee the entirety of the sanitary sewage system of the Lessee (the "Acquisition"), including that certain real estate located at located at 57 Fairview Road, New Cumberland, PA 17070, Pennsylvania, as is shown and more particularly described in Exhibit A attached hereto and made a part hereof (the "Premises").

WHEREAS, as of the Effective Date (as defined below) Lessor became the owner of the Premises.

WHEREAS, Lessee has requested and Lessor has agreed to allow Lessee to operate a yard waste composting recycling facility and a household electronics (as defined by Act 108 of 2010, as amended from time to time) collection facility on the Premises (collectively, the "Permitted Uses") in accordance with the terms and conditions set forth in this Lease.

WHEREAS, Lessor desires to lease the Premises to the Lessee and the Lessee desires to lease the Premises from the Lessor, all on the terms and conditions set forth in this Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Lessor and Lessee hereby agree as follows:

1. Occurrence of the Effective Date: The Parties acknowledge and agree that this Lease must be approved by the Pennsylvania Public Utility Commission and shall not become effective and the Parties shall have no obligations hereunder until the occurrence of the Effective Date. For purposes of this Lease, the "Effective Date" shall be the date upon which both of the following events shall have occurred: (i) the closing of the Acquisition and (ii) the approval of this Lease by the Pennsylvania Public Utility Commission. Upon execution of this Lease by Lessee, Lessor agrees that it will seek approval of the Lease from the Pennsylvania Public Utility Commission.

2. Premises: Lessor hereby leases to Lessee and Lessee hereby rents from Lessor, the Premises. Lessee has inspected the Premises. Lessee states that it is in good order and repair and takes the Premises "as is." Lessee certifies that, as of the Effective Date, Lessee has accepted the Premises demised by this Lease. Lessee warrants and represents to Lessor that the Premises shall be used and occupied only for the purposes of the Permitted Uses and for no other purpose or purposes without Lessor's prior written consent, which consent may be withheld in

Lessor's sole and absolute discretion. Lessee shall occupy the Premises, conduct its business and control its agents, employees, invitees and visitors in such a way as is lawful, reputable and will not create any nuisance or otherwise interfere with, annoy or disturb Lessor in its operation of the wastewater treatment facility located adjacent to the Premises.

3. Term. The term of this Lease shall commence on the Effective Date and shall terminate on the date that is three (3) years thereafter, unless sooner terminated in accordance with the terms of this Lease.

4. Rent. The rent shall be the sum of One Dollar (\$1.00) annually. The first payment of the rent shall be made upon the execution of this Lease and on the anniversary date thereof during the remainder of the Term. All payments of the rent shall be made to Lessor at the address designated in Section 2525 of this Lease or at such other place and to such other person, as the Lessor may from time to time designate in writing.

5. Assignment. The Lessee shall not assign this Lease, nor sublet the Premises, or any part thereof nor use the same, or any part thereof, nor permit the same, or any part thereof, to be used for any other purpose than as above stipulated, nor make any alterations therein, or additions thereto, without the written consent of the Lessor, which such consent may be granted or withheld in Lessor's sole and absolute discretion. All additions, fixtures or improvements which may be made by Lessee following the Effective Date, except movable personal property, shall become the property of the Lessor and remain upon the Premises as a part thereof, and be surrendered with the Premises at the termination of this Lease.

6. Personal Property. All personal property placed or moved in the Premises shall be at the risk of the Lessee or owner thereof, and Lessor shall not be liable for any damage to said personal property, or to the Lessee arising from the bursting or leaking of water pipes, or from any act of negligence of any occupants of the building or of any other person whomsoever. All personal property placed or moved in the Premises shall be removed upon the expiration of the Term of this Lease.

7. Compliance with Laws. Lessee shall not nor shall it permit the Premises to be used for any unlawful or improper purpose, will at all times comply with all Federal, state and local laws, ordinances and regulations, and the provisions of the Lease, easement or other agreements affecting all or any part of the Premises, and will obtain and maintain all governmental or other approvals relating to the Lessee, the Premises or the use thereof, including without limitation, any applicable zoning or building codes or regulations and any laws or regulations relating to the handling, storage, release or cleanup of any Hazardous Substances (as hereinafter defined) or the Permitted Uses, and will give prompt written notice to Lessor of (i) any violation of any such law, ordinance or regulation by Lessee or relating to the Premises, (ii) receipt of notice from any Federal, state or local authority alleging any such violation and (iii) the presence or release on the Premises of any Hazardous Substances.

8. Restrictions Against Liens. Lessee shall not permit to be created or suffer to exist any mortgage, lien, security interest, attachment or other encumbrance or charge on the Premises or any part thereof or interest therein, including, without limitation, (i) any lien arising under any Federal, state or local statute, rule, regulation or law pertaining to the release or cleanup of any

Hazardous Substances and (ii) any mechanics' or materialmen's lien. Lessee agrees to give Lessor prompt written notice of the imposition, or notice, of any lien referred to in this Section and to take any action necessary to secure the prompt discharge or release of the same.

9. Insurance. Throughout the term of this Lease, the Lessee shall keep itself and the Premises continuously insured against such risks as are customarily insured against by businesses of like size and type (other than business interruption insurance), paying as the same become due all premiums in respect thereto, including, but not necessarily limited to the insurance described in Exhibit B, which is attached hereto and incorporated herein by reference (the "Required Insurance").

All Required Insurance shall, as appropriate, name the Trustee (as defined below) as the mortgagee, loss payee and additional insured, and provide that no cancellation or material modification of such policies shall occur without such insurer endeavoring to provide at least ten (10) days prior written notice to the Trustee. All Required Insurance shall be written so that the proceeds thereof will not produce less than the minimum coverages required by this Section, by reason of co-insurance provisions or otherwise. All Required Insurance shall, as appropriate, name the Lessor and the Lessee, as insureds. The Required Insurance may be contained in blanket policies now or hereafter maintained by the Lessor.

10. Taxes and Assessments. The Lessee covenants and agrees with the Lessor that the Lessee will promptly pay to Lessor upon request therefor an amount that is equal to ten percent (10%) of all taxes levied or assessed at any or all times during the term hereby demised, by any and all taxing authorities, including all taxes, charges, assessments, impositions, liens for public improvements, special charges and assessments (including specifically all special assessments and liens on the date of the presents) and, in general, all taxes, tax liens or liens in the nature of taxes which may be assessed, imposed or levied against the Premises, including the land and all buildings, fixtures and equipment of any building or buildings placed on the Premises, including all taxes which are assessed by any and all governmental authorities, (city, state, county, federal, special drainage, school, or other taxing agencies, authorities, or districts, or otherwise), together with any interest, penalties, or other charges which may accrue thereon; provided that, in the event any of said taxes or assessments are payable according to the terms of their impositions, in installments, then the Lessee shall have the right to pay the same as such installments fall due.

11. Casualty Loss. In the event the Premises shall be destroyed or so damaged or injured by fire or other casualty during the term of the Lease, whereby the same shall be rendered untenable, then the Lessor shall have the right to render the Premises tenantable if the same can reasonably be done within one hundred twenty (120) days of the casualty. If the Premises are not rendered tenantable within said time, it shall be optional with either party hereto to cancel this Lease, and in the event of such cancellation the rent shall be paid only to the date of such fire or casualty. The cancellation herein mentioned shall be evidenced in writing.

12. Abandonment by Lessee. If the Lessee shall abandon or vacate the Premises before the end of the term of this Lease, the Lessor may, at its option, forthwith cancel this Lease or enter the Premises as the agent of the Lessee, by force or otherwise, without being liable in any way therefor.

13. Utilities: Lessee is responsible to obtain, at Lessee's sole cost and expense, all utility and specialty services consumed by Lessee at the Premises during the Term, including gas, water, sewer, electricity, telephone service, and any other utilities or specialty services (the "Utilities"). Lessee shall pay for the Utilities directly to the utility company or service provider, as applicable. It is also understood and agreed that Lessor shall have no liability or responsibility for an interruption or cessation of services to the Premises. No such interruption or cessation of service shall be deemed an eviction or disturbance of Lessee's use and possession of the Premises or any part thereof, or render Lessor liable to Lessee for damages, or relieve Lessee from performance of Lessee's obligations under this Lease. If Lessee fails to pay any Utility when due, Lessor may, but is not obligated to do so, pay such delinquent amount and such amount shall be due and payable upon demand by Lessor.

14. Right of Entry. The Lessor, or any of its agents, shall have the right, at all reasonable hours with reasonable prior notice, to enter the Premises for the following reasons: inspection; cleaning or making repairs; making alterations or additions as Lessor may deem necessary or desirable; determining Lessee's use of the Premises; or determining if an act of default under this Lease has occurred. The right of entry shall likewise exist for the purpose of removing placards, signs, fixtures, alterations, or additions, which do not conform to this Lease.

15. Repairs and Maintenance.

(a) Lessor's Obligations. Lessor shall not be required to make any improvements, replacements or repairs of any kind or character to the Premises during the Term of this Lease.

(b) Lessee's Obligations. Lessee shall, at its own expense, maintain all parts of the Premises in good repair and condition (including all necessary replacements). Without limiting the generality of the foregoing, Lessee shall be responsible for all repairs and maintenance with respect to all fixtures, facilities and other equipment located at the Premises. Lessee shall be responsible for pest control and extermination, regular removal of debris, cleaning and maintenance, and other services to the Premises. Lessee shall take good care of the Premises and its fixtures. If Lessee neglects to keep and maintain the Premises, then Lessor shall have the right, but not the obligation, to have the work done and the costs shall be charged to Lessee and such amount shall be due and payable upon demand by Lessor.

(c) Return of Premises. Lessee shall not allow any damage to be committed on any portion of the Premises and shall deliver the Premises to Lessor in as good condition as existed on the Effective Date, ordinary wear and tear associated with the Permitted Uses excepted. In addition to the foregoing, prior to the termination of this Lease, Lessee shall remove from the Premises (i) all accumulations yard waste, yard waste compost and other organic material associated with the Permitted Uses and (ii) all household electronics and the storage unit used by Lessee for the collection and temporary storage of such household electronics associated with the Permitted Uses. The cost of any repairs necessary to restore the condition of the Premises to the condition that existed as of the Effective Date of the Lease shall be borne by Lessee, and if Lessor undertakes to restore the Premises, it shall have a right of reimbursement against Lessee which right shall survive the termination of this Lease.

16. Default by Lessee: Any of the following shall constitute an Event of Default by Lessee under this Lease:

(a) Lessee fails to pay when due any installment of rent or any other payment required pursuant to this Lease within five (5) days of the date on which it is due and such failure is not cured within ten (10) days after written notice to Lessee;

(b) Lessee fails to comply with any term, provision, or covenant of this Lease, other than the payment of rent, and such failure is not cured within thirty (30) days after written notice to Lessee; or

(c) Lessee does or permits to be done any act which results in a lien being filed against the Premises.

17. Remedies for Lessee's Default. Upon the occurrence of any Event of Default set forth in this Lease, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand:

(a) Terminate this Lease, in which event Lessee shall immediately surrender the Premises to Lessor. If Lessee fails to surrender the Premises, Lessor may, without prejudice to any other remedy it has for possession or arrearages in rent, enter upon and take possession of the Premises, by picking or changing locks if necessary, and lock out, expel, or remove Lessee and any other person who may be occupying all or any part of the Premises without being liable for prosecution of any claim for damages. Lessee agrees to pay on demand the amount of all loss and damage which Lessor suffers by reason of the termination of the Lease including inability to relet the Premises on satisfactory terms.

(b) All rights and remedies of the Lessor herein enumerated upon the occurrence of an Event of Default shall be cumulative and nothing herein shall exclude any other right or remedy allowed by law.

18. Condemnation. If, during the Term (or any extension or renewal thereof), all or at least fifty percent (50%) of the Premises is taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the Premises for the purpose for which they are then being used, either Lessor or Lessee shall have the right to terminate this Lease through written notice to the other effective on the date physical possession is taken by the condemning authority. All compensation and damages awarded for the partial or total taking of the Premises shall belong to and be the sole property of Lessor. Lessee shall be entitled to make its own claims for and receive any award that may be made for Lessee's improvements, moving expenses, and the removal of Lessee's trade fixtures, equipment and furnishings.

19. Hazardous Substances:

(a) Scope: The term "Hazardous Substance(s)" as used in the Lease is defined as follows: Any element, compound, mixture, solution, particle or substance, which presents

danger or potential danger for damage or injury to health, welfare or to the environment including, but not limited to: (i) those substances which are inherently or potentially radioactive, explosive, ignitable, corrosive, reactive, carcinogenic or toxic; (ii) those substances which have been recognized as dangerous or potentially dangerous to health, welfare or to the environment by any federal, municipal, state, county or other governmental or quasi-governmental authority and/or any department or agency thereof; and (iii) any hazardous or toxic substance, material, chemical, pollutant, contaminator or waste, which is or becomes regulated under any applicable Environmental Laws. For purposes of this Lease, the term "Environmental Laws" means all laws now or hereinafter in effect concerning the protection of human health, safety and the environment, including, without limitation, (i) the Federal Water Pollution Control Act (33 U.S.C. §1317), (ii) the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903), (iii) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601), or (iv) any other laws, orders, rules, regulations, certificates of occupancy, or other requirements, as the same now exist or may hereafter be enacted, amended or promulgated, of any federal, municipal, state, county or other governmental or quasi-governmental authorities and/or any department or agency thereof relating to the Premises, the Permitted Uses or any Hazardous Substance in or about the Premises.

(b) **Restrictions:** Lessee agrees that, at all times during the Term and any extensions or renewals thereof, Lessee shall:

(i) not, nor shall it permit its employees, invitees, agents, contractors, subcontractors, tenants or guests (collectively "Lessee's Representatives"), to bring upon, keep, store, use or dispose of any Hazardous Substances on, in, under or about the Premises during the Term of the Lease, except for yard waste and household electronics associated with the Permitted Uses and not posing any significant threat of contamination of the Premises and so long as in compliance with all Environmental Laws;

(ii) cause the presence, use and/or storage of any Hazardous Substances on, in, under or about the Premises by Lessee or Lessee's Representatives during the Term of the Lease to be in compliance with all applicable Environmental Laws;

(iii) upon receipt of Lessor's request, Lessee shall provide Lessor with copies of all reports that Lessee is required to make under any Environmental Laws with respect to the Premises and make available for inspection copies of all material safety data sheets or other written materials prepared by manufacturers, importers or suppliers of any chemical which are required by Lessee to be maintained at the Premise;

(iv) promptly comply, at Lessee's own cost and expense, with all Environmental Laws;

(v) promptly disclose to Lessor by delivering, in the manner prescribed for delivery of notice in this Lease, a copy of any forms, submissions, notices, reports, or other written documentation ("Communications") relating to the presence of any Hazardous Substance in or about the Premises, and whether such Communications are delivered to Lessee

or are requested of Lessee by any federal, municipal, state, county or other government or quasi-governmental authority and/or any department or agency thereof;

(vi) notwithstanding any other provisions of this Lease, allow Lessor, and any authorized representative of Lessor, access to and the right to enter and inspect the Premises for the presence of any Hazardous Substance, at any time deemed reasonable by Lessor, without prior notice to Lessee; and

(vii) indemnify and hold Lessor, its agents and employees, harmless from any and all demands, claims, causes of action, penalties, liabilities, judgments, damages (including consequential damages) and expenses including, without limitation, court costs and reasonable attorneys' fees incurred by Lessor as a result of Lessee's failure or delay in complying, to Lessor's satisfaction, with the provisions of this Section, Lessee's failure or delay in properly complying with any Environmental Law or any adverse effect which results from the presence of any Hazardous Substance in or about the Premises. If any action or proceeding is brought against Lessor, its agents or employees by reason of any such claim, Lessee, upon notice from Lessor, will defend such claim at Lessee's expense with counsel reasonably satisfactory to Lessor. This indemnification by Lessee of Lessor shall survive the termination or expiration of this Lease.

20. Indemnification, Waiver and Release.

(a) Lessee's Indemnification. Except for any injury to persons or damage to property that is proximately caused by or results proximately from the negligence or deliberate act of Lessor, its employees or agents, Lessee shall indemnify and hold Lessor and its directors, officers, employees and agents (hereinafter collectively referred to as the "Indemnified Parties" and individually as an "Indemnified Party") harmless from and against, any and all demands, claims, causes of action, fines, penalties, damages, liabilities, judgments, and expenses (including, without limitation, reasonable attorney's fees) incurred in connection with or arising from:

(i) the use or occupancy or manner of use or occupancy of the Premises by Lessee or any person claiming under Lessee;

(ii) any activity, work, or thing done or permitted by Lessee or its employees, agents, contractors, subcontractors, invitees, guests or other individuals visiting the Premises as a result of Lessee's leasing of the Premises (collectively, the "Lessee Parties") in or about the Premises;

(iii) any breach by Lessee or the Lessee Parties of this Lease;

(iv) any injury or damage to the person, property, or business of Lessee or any of the Lessee Parties entering upon the Premises under the express or implied invitation of Lessee;

(v) any alleged violation by Lessee any law, rule, code or regulation; or

(vi) any injury or damage to the Premises caused by Lessee or any of the Lessee Parties.

If any action or proceeding is brought against an Indemnified Party by reason of any of the foregoing, Lessee, upon written notice from such Indemnified Party, shall defend the same at Lessee's expense, with counsel reasonably satisfactory to Lessor. This indemnification by Lessee of Lessor shall survive the termination or expiration of this Lease.

(b) Waiver and Release. Lessee, as a material part of the consideration to Lessor for this Lease, waives and releases all claims against the Indemnified Parties with respect to all matters for which Lessor has disclaimed liability pursuant to the provisions of this Lease.

(c) Lessor's Indemnification. Except for any injury to persons or damage to property that is proximately caused by or results proximately from the negligence or deliberate act of Lessee or any of the Lessee Parties, Lessor shall indemnify and hold Lessee harmless from and against, any and all demands, claims, causes of action, fines, penalties, damages, liabilities, judgments, and expenses (including, without limitation, reasonable attorney's fees) incurred in connection with or arising from (i) any activity, work, or thing done or permitted by Lessor in or about the Premises or (ii) a breach of this Lease by Lessor. If any action or proceeding is brought against Lessee by reason of any of the foregoing, Lessor, upon written notice from Lessee, shall defend the same at Lessor's expense. This indemnification by Lessor of Lessee shall survive the termination or expiration of this Lease.

21. Subordination and Estoppel.

(a) The Premises is subject to the lien of that certain Indenture of Mortgage dated as of May 1, 1968, by and between Pennsylvania American Water Company (as successor to South Pittsburgh Water Company) and U.S. Bank (formerly Wachovia Bank, N.A., successor to First Union National Bank, successor to Fidelity Bank), as Trustee, as supplemented and amended (the "Indenture"). Lessee covenants and agrees that it shall not undertake or permit any activities on or concerning the Premises that would cause Lessor to be in default of the Indenture, or any subsequent liens or indentures about which Lessor informs Lessee. Furthermore, Lessee acknowledges and agrees that in all respects its interests under this Agreement shall be subordinate to the Indenture.

(b) This Lease shall be subject to termination by the Trustee or by any receiver appointed in any action or proceeding for foreclosure of the Premises or for the enforcement of the rights of the Trustee or of the bondholders under the Indenture if the Trustee or any receiver shall have entered upon and taken possession of the Premises. This provision shall be self-operative, and no further instrument of subordination shall be required to effect the subordination of this Agreement. Nonetheless, in confirmation of such subordination, Lessee shall execute and deliver such further instruments subordinating this Lease to any such mortgage or deed of trust or any other security device or encumbrance as shall be desired by the Trustee, any mortgagee or secured party, provided such instruments contain nondisturbance language.

22. Estoppel Certificates. Within ten (10) days after request by Lessor or Lessor's mortgagee or Trustee, Lessee agrees to furnish an estoppel certificate certifying that Lessee is in

possession of the Premises; the Premises are acceptable; the Lease is in full force and effect; the Lease is unmodified; Lessee claims no present charge, lien, or claim of offset against rent; there is no existing default by reason of some act or omission by Lessor; and such other matters as may be reasonably required by Lessor or Lessor's mortgagee or trustee. If Lessee believes any of the statements requested of Lessor in such estoppel certificate not to be true or correct, Lessee shall state the circumstances relative thereto with specificity in the estoppel certificate. Lessee's failure to deliver such estoppel certificate within the time specified herein shall cause Lessor to be automatically appointed as Lessee's attorney-in-fact for the purpose of issuing such estoppel certificate.

23. Successors and Assigns. This Lease shall bind the Lessor and its heirs, assigns, legal representatives, executors or successors, and the Lessee and its assigns or successors, as the case may be.

24. Time of the Essence. It is understood and agreed between the parties hereto that time is of the essence with respect to this Lease and this applies to all terms and conditions contained herein.

25. Notice. Any notice or document required or permitted to be delivered by this Lease shall be deemed to be delivered (whether or not actually received) when deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, or with a recognized overnight courier addressed to the Lessor or Lessee at the respective addresses set forth below or when sent by facsimile transmission:

Lessor: Pennsylvania American Water Company
800 West Hershey Park Drive
Hershey, PA 17033
Attention: General Counsel
Facsimile: (717) 531-3399

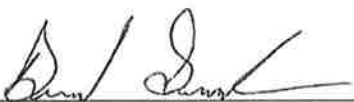
Lessee: Fairview Township
599 Lewisberry Road
New Cumberland, PA 17070
Facsimile:

26. Rights Cumulative. The rights of the Lessor under this Lease shall be cumulative, and failure on the part of the Lessor to exercise promptly any rights given hereunder shall not operate for forfeit any of the said rights.


[Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, Pennsylvania American Water Company and the Township of Fairview have executed this Lease as of the day and year first above written.

Signed, sealed and delivered
in the presence of:



**PENNSYLVANIA AMERICAN WATER
COMPANY**

By: 

Signed, sealed and delivered
in the presence of:



TOWNSHIP OF FAIRVIEW

By: 



Lewisberry Road

Old York Road

Fairview Road

FAIRVIEW TWP

Springers Lane

Winona Drive

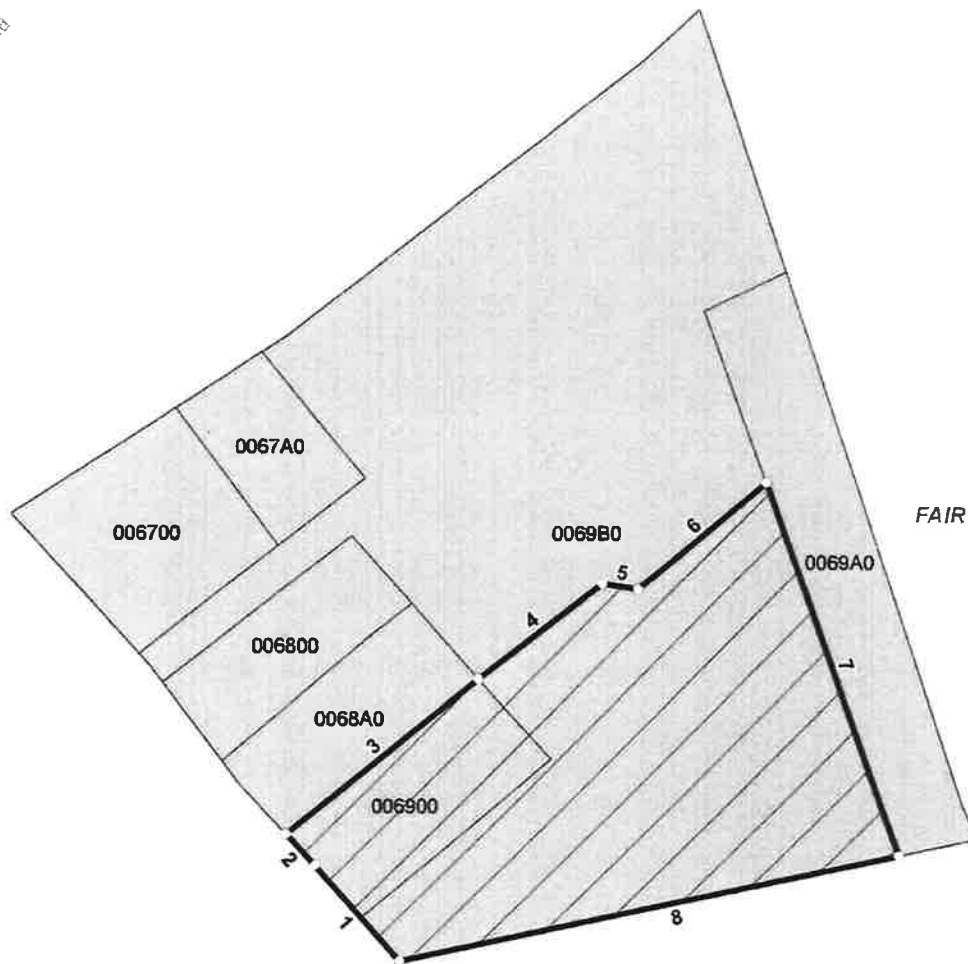


Exhibit A
Fairview Township, York County

PENNSYLVANIA AMERICAN WATER
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17050

Legend

Lease Area

 Parcel Lines

 PAWC Property

NOT BE USED FOR REFERENCE ONLY
Although every effort has been made to ensure the accuracy of the information, errors, and omissions are possible.

1 in = 150 feet

Sequence	From	To	Bearing	Distance (ft)
1	1	2	N41°01'36"W	106.3606
2	2	3	N42°13'36"W	35.5197
3	3	4	N51°12'06"E	203.6049
4	4	5	N52°44'58"E	128.7094
5	5	6	S81°41'40"E	30.046
6	6	7	N50°15'08"E	137.4563
7	7	8	S19°39'51"E	326.3222
8	8	1	S77°55'29"W	422.0084

***Starting Point (Sequence 1)** - Southwest Corner of Parcel 270005F0069B0 in Fairview Township of York County, Pennsylvania.

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

Exhibit B

Required Insurance

At no expense to Lessor, Lessee shall (1) obtain and keep in force during the term of this Agreement, and any renewals or extensions hereof, and (2) require its contractors and subcontractors to obtain and keep in force during the terms of their respective contracts, the following minimum insurance limits and coverage. The insurance coverage limits stated below are minimum coverage requirements, not limitations of liability, and shall not be construed in any way as Lessor's acceptance of the responsibility of Lessee.

1. Commercial General liability:

- \$1,000,000 per occurrence Combined Single Limits
- \$1,000,000 General Aggregate
- \$1,000,000 Products and Completed Operations Aggregate

CGL ISO 1996 or later Occurrence form including Premises and Operations Coverage, Products and Completed Operations, Coverage for Independent contractors, Personal Injury Coverage and Blanket Contractual Liability. Completed Operations shall be maintained for a period of three (3) years following Final Completion for any construction, renovation, repair and or maintenance service.

2. Workers' Compensation

A. Applicable Federal or State Requirements: Statutory Minimum

B. Employer's Liability:

- | | |
|---------------------------|-------------|
| • Each Accident | \$1,000,000 |
| • Each Employee – Disease | \$1,000,000 |
| • Policy Limit – Disease | \$1,000,000 |

C. Other States insurance.

3. Automobile Liability (including owned, hired, borrowed and non-ownership liability)

Bodily Injury and Property Damage \$1,000,000 each occurrence Combined
Single Limits

4. Pollution Liability

Environmental Impairment Liability (EIL) or Pollution Liability insurance covering losses caused by pollution conditions that arise from the operations of the Lessee on the Premises. This insurance shall apply to bodily injury; property damage, including loss of use of damaged property or of property that has not been physically injured; cleanup costs; and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. The

Exhibit B

policy of insurance affording these required coverages shall be written in an amount of at least \$1,000,000 per claim with an annual aggregate of at least \$1,000,000.

Lessee warrants that any retroactive date applicable to coverage under the policy precedes the Effective Date of this Agreement and that continuous coverage will be maintained for a period of two years beginning from the earlier of the expiration or termination of this Agreement.

5. Umbrella Liability

\$4,000,000 each occurrence and annual aggregate in excess of Employer's Liability, General Liability and Automotive Liability (no more restrictive than underlying insurance)

(a) The minimum liability limits required may be satisfied through the combination of the primary General Liability, Employers' Liability, and Automobile Liability limits with an Umbrella Liability policy (with coverage no more restrictive than the underlying insurance) providing excess limits at least equal to or greater than the combined primary limits.

(b) All Commercial General Liability including completed operations-products liability coverage, and Automobile liability insurance shall designate Lessor, its agents, and any mortgagee(s) as an Additional Insured. All such insurance shall be primary and non-contributory, and is required to respond and pay prior to any other insurance or self-insurance available to Lessor. In addition to the liability limits available, such insurance will pay on behalf or will indemnify Lessor for defense costs. Any other coverage available to Lessor applies on a contingent and excess basis. Such insurance, including property insurance, shall include appropriate clauses pursuant to which the insurance companies shall waive its rights of subrogation against Lessor.

(c) Prior to the Effective Date of this Agreement, Lessee shall furnish certificates or adequate proof of the foregoing insurance including, if specifically requested by Lessor, copies of the endorsements, naming Lessor as an Additional Insured. Lessee's contractors and subcontractors shall furnish, prior to the start of any work, certificates or adequate proof of the foregoing insurance including, if specifically requested by Lessor, copies of the endorsements, naming Lessor as an Additional Insured. Current certificates of insurance shall be provided prior to the commencement of work and shall be maintained until completion of the Agreement. Such certificates shall evidence that Lessor is included as an Additional Insured, except workers compensation, if applicable. All such insurance shall include appropriate clauses pursuant to which the insurance companies shall waive its rights of subrogation, in states where such waiver is allowed, against Lessor. Lessee, its contractors and subcontractors shall notify Lessor in writing, at least thirty (30) days prior to cancellation, of or a material change in a policy. Such cancellation or material alteration shall not relieve Lessee of its continuing obligation to maintain insurance coverage in accordance with this Agreement.

Exhibit B

(d) Carriers providing coverage will be rated by A.M. Best with at least an A-rating and a financial size category of at least Class VII. Carriers shall be licensed in the Commonwealth of Pennsylvania.

(e) Lessee shall increase its insurance coverage, as required, but not more frequently than each calendar year if, in the opinion of Lessor or any mortgagee of Lessor, the amount or type of insurance coverage required by this Agreement at that time is not adequate.

(f) If Lessee its contractors and subcontractors shall fail to procure and maintain the insurance required by this Agreement, Lessor, upon written notice, may, but shall not be required to, procure and maintain same, but at the expense of Lessee. In the alternative, Lessor may declare a default hereunder and, unless such default is timely cured, terminate the Agreement and Lessee's possession of the Premises. Unless and until the default is cured, neither Lessee nor its servants, employees or agents will be allowed to enter upon the Premises.



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

IN REPLY
PLEASE
REFER TO OUR
FILE

December 17, 2015

U-2015-2507298

SUSAN SIMMS MARSH ESQUIRE
PENNSYLVANIA AMERICAN WATER COMPANY
800 HERSHEY PARK DRIVE
HERSHEY PA 17033

Agreement dated September 29, 2015 between Pennsylvania American Water Company and Fairview Township relative with Pennsylvania American Water Company for Approval of the transfer, by sale, of substantially all of the Township of Fairview's assets, properties and rights related to its wastewater system to Pennsylvania American Water Company, and the rights Pennsylvania American Water Company to begin to offer or furnish wastewater service to the public in Township of Fairview, York County, Pennsylvania.

To Whom It May Concern:

We enclose herewith the original and one (1) copy of certificate of filing issued by this Commission in accordance with Section 507 of the Public Utility Code, 66 Pa. C.S. §507.

You should serve the enclosed copy of this certificate upon the Township of Fairview.

Very truly yours,

Rosemary Chiavetta
Secretary

jf
encls.
cert.mail

PENNSYLVANIA PUBLIC UTILITY COMMISSION

CERTIFICATE OF FILING

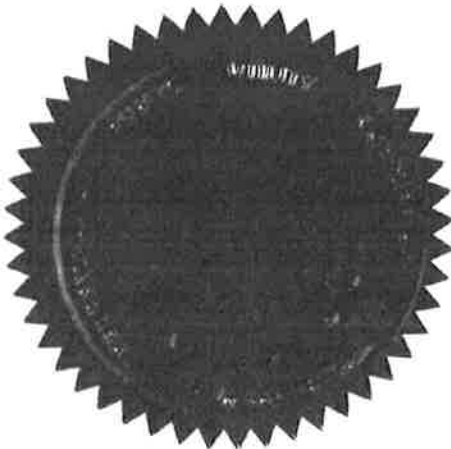
Agreement dated September 29, 2015 between Pennsylvania American Water Company and Fairview Township relative with Pennsylvania American Water Company for Approval of the transfer, by sale, of substantially all of the Township of Fairview's assets, properties and rights related to its wastewater system to Pennsylvania American Water Company, and the rights Pennsylvania American Water Company to begin to offer or furnish wastewater service to the public in Township of Fairview, York County, Pennsylvania.

U-2015-2507298

BY THE COMMISSION:

AND NOW, December 17, 2015, the Public Utility Commission certifies that the above, captioned contract or indenture dated September 29, 2015, and has been on file with the Commission since October 5, 2015, in accordance with Section 507 of the Public Utility Code, 66 Pa. C.S. §507.

PENNSYLVANIA PUBLIC UTILITY COMMISSION



A handwritten signature in cursive script, appearing to read "Rosemary Chivitt".

Secretary