

TWIN LAKES
UTILITIES, INC.

A Middlesex Water Company Affiliate

July 16, 2020

Honorable Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

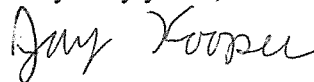
Re: Petition of Twin Lakes Utilities, Inc. For A Commission Order
Authorizing The Acquisition of Twin Lakes Utilities, Inc. By A
Capable Public Utility Pursuant To 66 Pa. C.S. §529
Docket No. P-2020-_____

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Twin Lakes Utilities, Inc. (“Twin Lakes”) is a Petition for a Commission Order authorizing the acquisition of Twin Lakes pursuant to 66 Pa. C.S. §529 by a “capable public utility” as that term is defined by that statute. **Twin Lakes respectfully requests consideration of the Petition on an expedited basis.**

Twin Lakes files this Petition with the Commission and promulgates service on the parties set forth in the enclosed Certificate of Service electronically consistent with the Commission’s Emergency Order issued on March 20, 2020 in Docket No. M-2020-3019262. Please let me know of additional questions or concerns at jkooper@middlesexwater.com.

Very truly yours,



Jay L. Kooper
Secretary
Twin Lakes Utilities, Inc.

Enclosures

cc: Certificate of Service (w/ enclosures)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Twin Lakes Utilities, Inc. For A
Commission Order Authorizing The
Acquisition of Twin Lakes Utilities, Inc. By A
Capable Public Utility Pursuant To 66 Pa. C.S.
§529.

Docket No. P-2020-

PETITION OF TWIN LAKES UTILITIES, INC.

Pursuant to 52 Pa. Code §5.41, Twin Lakes Utilities, Inc. (“Twin Lakes”) hereby petitions the Pennsylvania Public Utility Commission (“Commission”) to issue an Order on an expedited basis¹ that authorizes the acquisition of Twin Lakes pursuant to 66 Pa. C.S. §529 by a “capable public utility” as defined in that statute.

I. BACKGROUND

1. The Petitioner, Twin Lakes Utilities, Inc., (hereinafter “Twin Lakes”), is a public utility corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Twin Lakes provides retail water service to 113 active residential customer accounts in Pennsylvania, all located in the Sagamore Estates community located in Shohola Township, Pike County, Pennsylvania.

2. Twin Lakes’ corporate address and representative is:

Twin Lakes Utilities Inc.
485C Route 1 South, Suite 400
Iselin, NJ 08830-3020
Jay L. Kooper, Secretary
Tel: (732) 638-7506
E-Mail: jkooper@middlesexwater.com

¹ As explained in more detail below, the Order sought by this Petition is not an ‘Emergency Order’ as defined by 52 Pa. Code §3.1 because Twin Lakes is not seeking the Commission to issue an Order on an *ex parte* basis and by less than the full Commission. Rather, Twin Lakes seeks an Order granting the requested relief following consideration by the entire Commission at its August 6, 2020 or August 27, 2020 public meeting.

3. Twin Lakes is a wholly-owned subsidiary of Middlesex Water Company (“Middlesex”). Middlesex is a New Jersey corporation and the sole owner of Twin Lakes. Middlesex is not incorporated in the Commonwealth of Pennsylvania and is therefore not approved to do business in Pennsylvania. Neither Middlesex nor Twin Lakes have ever designated themselves as a “doing business as” (“d/b/a”) entity and reject any assertion that they have used such an acronym to describe their business operations in the Commonwealth of Pennsylvania.

4. On April 6, 2009, Middlesex formed Twin Lakes by filing Articles of Incorporation with the Pennsylvania Department of State Corporation Bureau. As Middlesex is not a duly-authorized Pennsylvania corporation, the creation of Twin Lakes, a wholly-owned Pennsylvania subsidiary company, was necessary to ensure that the assets of Twin Lakes Water System, LLC, the predecessor owner to the system serving the Sagamore Estates customers, could be operated by an entity incorporated in the Commonwealth of Pennsylvania.

5. On November 3, 2009, Twin Lakes entered into an “Asset Purchase Agreement For The Assets of Twin Lakes Water Services, LLC By Twin Lakes Utilities, Inc.” A copy of this Asset Purchase Agreement is attached to this Petition as Appendix A.

6. On November 3, 2009, a Recorded Deed was entered evidencing transfer of ownership of the assets of Twin Lakes Water Services, LLC to Twin Lakes Utilities, Inc. A copy of this Recorded Deed along with a Recorded Mortgage Satisfaction Piece and Title Insurance Policy are attached to this Petition as Appendix B.

7. On November 16, 2009, Twin Lakes filed with the Commission a letter advising that Twin Lakes Utilities, Inc. was adopting the tariff of Twin Lakes Water Services,

LLC that was then presently in effect, along with a copy of the new Twin Lakes Utilities, Inc. tariff effective November 3, 2009, the date of the sale of the assets of Twin Lakes Water Services, LLC to Twin Lakes Utilities, Inc. Twin Lakes' letter and new tariff was filed pursuant to the Commission's Order approving the acquisition of the assets of Twin Lakes Water Services, LLC.² A copy of Twin Lakes' letter and filed tariff are attached to this Petition as Appendix C.

8. Subsequent to Twin Lakes' acquisition of the system serving the Sagamore Estates community in 2009, Twin Lakes filed three petitions for rate increases before the Commission, first in 2011 (Docket No. R-2011-2246415) ("2011 Rate Case"), again in 2015 (Docket No. R-2015-2506337) ("2015 Rate Case") and most recently in 2019 (Docket No. R-2019-3010958) ("2019 Rate Case").

9. Twin Lakes' sole source of equity capital, debt financing and primary operations support is Middlesex. Twin Lakes is a classic small water utility challenge in that it is unable to establish a credit arrangement at any reasonable cost with any financial institution as a stand-alone entity. This is due to Twin Lakes' inability to demonstrate that it has the net income and cash flow to adequately support debt repayment. Twin Lakes' parent company, Middlesex, made equity investments in, and extended credit to, Twin Lakes in order to maintain service for the Twin Lakes customers since 2009. This capital was provided under an assumption that the Commission would provide sufficient rate relief to not only sustain operations but also, to service the Company's debt and provide a fair return to the equity investor. Middlesex has continued to finance Twin Lakes even though it has no legal or regulatory obligation to provide financial or operational support to the Twin Lakes customers.

² *Joint Application of Middlesex Water Company and Twin Lakes Water Services, LLC*, Order, Docket Nos. A-2008-2050092 and A-2008-2050089 (Pa. P.U.C. Mar. 2, 2009).

10. Middlesex has extended financial credit to Twin Lakes through three outstanding Unsecured Revolving Promissory Notes, the first executed in January 2016, the second executed on October 18, 2019 and the third executed on October 29, 2019. All three Promissory Notes provide Middlesex with the right as Lender to demand payment from Twin Lakes as Borrower the total amount due on the Notes together with interest payable on the unpaid principal at the rate of 7.0% per annum. All three Promissory Notes were previously disclosed to the Commission and submitted as discovery responses on the record in the 2015 and 2019 Rate Cases. Copies of the three notes are attached to this Petition as Appendix D.³

11. Since Twin Lakes' acquisition of the system, Twin Lakes' sole source of equity capital, debt financing and primary operations support is Middlesex. Since the acquisition, Middlesex has invested, loaned or advanced over \$2.4 million to Twin Lakes.

12. Middlesex provides operations support to Twin Lakes through a Service Agreement executed between Middlesex and Twin Lakes dated December 1, 2009 ("Service Agreement"). Under the terms of the Service Agreement, Middlesex provides operations support for Twin Lakes including, but not limited to: Customer Service, Accounting, Administration, Communications, Corporate Secretarial, Engineering, Financial, Human Resources, Information Systems, Operations, Rates and Revenue, Risk Management and Water Quality. Per the Service Agreement, either party may terminate the Agreement by giving the other party 90 days advance written notice. The Service Agreement was previously disclosed to the Commission and

³ Pursuant to a Secretarial Letter dated July 13, 2020 and issued in Docket. No. M-2020-3020390, Twin Lakes is separately filing an application with the Secretary's Bureau of the Commission for Commission approval, *nunc pro tunc*, of the three outstanding Unsecured Revolving Promissory Notes.

submitted as a discovery response on the record in the 2011, 2015 and 2019 Rate Cases. A copy of the Service Agreement is attached to this Petition as Appendix E.⁴

13. Soon after Twin Lakes began operating the system, it became apparent that the condition of the assets was significantly poorer than had been represented by the former owner, or had been visible from the inspection and assessment that was part of the due diligence work performed. As the Commission stated in its March 26, 2020 Opinion and Order⁵ in Twin Lakes' most recently concluded 2019 Rate Case: "Twin Lakes maintains a water distribution system consisting of: one functional well (Well No. 2); one non-functional well (Well No. 1); a small treatment/pumping station with an integral atmospheric 20,000 gallon storage tank; approximately 3.7 miles of water main of various diameters; and, an approximate combined 120 active and inactive services."⁶

14. Beginning in July 2011, shortly after Twin Lakes filed its 2011 Rate Case petition for an increase in base rates of 370%, and extending through early 2020 Twin Lakes has engaged in discussions with other water companies to discuss acquisition of the water system serving the Sagamore Estates community. During this period, Twin Lakes senior executives have travelled to Harrisburg, Pennsylvania to meet with the Chairman of the Pennsylvania Public Utility Commission, Commission Staff and the Pennsylvania Office of Consumer Advocate ("OCA"). The sole purpose of these meetings was to request assistance in identifying a system takeover solution that would mitigate the inevitable need for Twin Lakes to petition for repeated

⁴ Pursuant to a Secretarial Letter dated July 13, 2020 issued in Docket No. M-2020-3020390, Twin Lakes is separately filing an application with the Secretary's Bureau of the Commission for Commission approval, *nunc pro tunc*, of the Service Agreement.

⁵ *Pennsylvania Public Utility Comm'n et al. v. Twin Lakes Utilities, Inc.*, Opinion and Order, Docket No. R-2019-3010958 (Pa. P.U.C. Mar. 26, 2020) ("2019 Rate Case Order").

⁶ 2019 Rate Case Order at 4.

triple-digit percentage base rate increases to mitigate the risk of losing the only source of supply serving the residents of the Sagamore Estates community. None of these efforts has resulted in a successful system takeover solution.

15. Twin Lakes has considered two alternative source options for water service for the Sagamore Estates community. The first alternative considered the nearby public water system in Milford, Pennsylvania. This alternative was deemed financially and operationally impractical given its location approximately 5 to 6 miles from Sagamore Estates. This is because this alternative would require the installation of water main within the Pennsylvania Route 6 corridor and necessitate booster pumping stations along the route due to the terrain. The second alternative considered the utilization of private wells for each customer of Twin Lakes. This alternative was deemed legally impossible as Shohola Township Ordinance No. 59 prohibits such private well installations.

16. On numerous occasions between 2009 and 2020, Twin Lakes representatives have stated that the current financial and operational arrangements for Twin Lakes were, are and remain unsustainable. Twin Lakes has reiterated and underscored this assessment in all three of its rate cases before the Commission – the 2011 Rate Case, the 2015 Rate Case and the 2019 Rate Case, the latter of which was a fully litigated case.

17. On March 26, 2020, the Commission issued the 2019 Rate Case Order in Docket No. R-2019-3010958, approving an annual increase of \$117,374 (87.91%) compared to Twin Lakes' requested annual increase of \$211,793 (158.63%). As the Commission noted, Twin Lakes sought its requested rate increase as a reflection of "the business challenges the Company currently faces, including required investments in the repair/replacement or improvement of the distribution system; and the high costs associated with maintaining a distribution system while

...serving a small customer base.”⁷ Part of the Commission’s basis for approving a rate increase far below the level requested by Twin Lakes was “the concerns with affordability of rates of customers.”⁸

18. In its 2019 Rate Case Order, the Commission rejected recommendations made by both Twin Lakes and the OCA to initiate a Section 529 proceeding to determine whether the Commission should direct a “capable public utility,” as that term is defined in Section 529 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §529, to acquire Twin Lakes. The Commission’s reasons for its rejection of these recommendations were twofold: “Based on the Company’s increased revenue via the rate increase granted in this proceeding, and the record evidence of Twin Lakes’ prospective opportunity to secure PENNVEST loans for the necessary improvements, we conclude that initiation of a Section 529 proceeding is not warranted *at this time*.”⁹

19. On August 7, 2019, Twin Lakes submitted an application to PENNVEST for grants and/or loans to finance system improvements for the Twin Lakes system. On January 29, 2020, Twin Lakes was notified that PENNVEST had approved a grant of \$4.66 million. Subsequently, Twin Lakes concluded that an award of a PENNVEST grant would be considered a Contribution In Aid of Construction (CIAC) that is subject to income tax under the Tax Cuts and Jobs Act of 2017. Therefore, an award of a PENNVEST grant of \$4.66 million would carry with it an income tax liability of \$1.358 million, all properly recoverable from Twin Lakes’ customers under the Commission’s rate setting compact. A copy of Twin Lakes’ PENNVEST

⁷ *Id.* at 5.

⁸ *Id.* at 73 (quoting the Recommended Decision of Administrative Law Judge Marta Guhl at 87).

⁹ *Id.* at 64 (emphasis added).

application and the PENNVEST award notification to Twin Lakes is attached to this Petition as Appendix F.

20. Given the Commission's decision in the 2019 Rate Case Order, basing its final decision in part on affordability of rates, there will exist an increased concern with the rate recovery of a significant income tax burden on Twin Lakes' customers should Twin Lakes accept the PENNVEST grant award. This burden would be in addition to the significant remaining investment required for various capital improvements not funded by the PENNVEST grant award. The tenor of the 2019 Rate Case Order issued on March 26, 2020 provides Twin Lakes with zero assurance that this significant tax burden would be recoverable in customers' rates given the Commission's clearly stated views on affordability.

21. On May 28, 2020, Middlesex issued a letter to Twin Lakes demanding from Twin Lakes immediate payment of the total amounts due on the three outstanding Unsecured Revolving Promissory Notes between Middlesex as Lender and Twin Lakes as Borrower. A copy of Middlesex's payment demand is attached to this Petition as Appendix G.

22. On May 29, 2020, Twin Lakes issued a letter to Middlesex responding to this payment demand. In this response letter, Twin Lakes stated that it was unable to meet Middlesex's payment demand requirements and did not expect to have the ability to satisfy any repayment of the three outstanding Notes. A copy of Twin Lakes' letter response is attached to this Petition as Appendix H.

23. The obvious practical impact of these repayment demands is that Middlesex no longer provides any form of financial support to Twin Lakes effective May 28, 2020. Twin Lakes' sole source of funding for its working capital and infrastructure needs is customer receipts from billings. In addition, Twin Lakes' inability to demonstrate that it has the

net income and cash flow to adequately support debt repayment will further render it impossible to establish a credit arrangement with any financial institution as a stand-alone entity. Twin Lakes will also not be able to accept an award of a \$4.66 million PENNVEST grant without imposing a \$1.358 million income tax burden on Twin Lakes' 113 residential customers.

24. On June 1, 2020, Middlesex issued a letter notice of termination of the Service Agreement between Middlesex and Twin Lakes, advising that pursuant to section 1 of the Service Agreement, the termination would become effective on September 1, 2020. On that same date, June 1, 2020, Twin Lakes issued a letter to Middlesex confirming receipt of Middlesex's notice of termination. Both letters are attached to this Petition as Appendix I.

25. On July 14, 2020, Twin Lakes issued a "Request For Proposal – Contract Operations & Maintenance Services For The Twin Lakes Utilities, Inc. Community Water System Located In Shohola Township, Pike County, Pennsylvania" ("RFP"). The purpose of the RFP is to solicit proposals for the operation and maintenance of the Twin Lakes system following the anticipated departure of Middlesex as of the termination of the Service Agreement effective September 1, 2020. A copy of this RFP is attached to this Petition as Appendix J.

26. With the termination of the Service Agreement by, and the end of financial support from Middlesex, Twin Lakes will no longer have a source of financing or operations support and therefore, will likely not have the ongoing ability to pay its vendors, including its Licensed Operator, for basic needs associated with delivering water service. At that time, without a qualified Licensed Operator and without adequate financial support, Twin Lakes will unfortunately have no possible means to maintain water quality or distribute water of any quality to its customers and therefore, water service will likely cease.

27. The following chart details the Company's projected cash position in connection with the timing of the service termination:

	---Projected Cash Flow---		
	06/30/20	07/31/20	08/31/20
Cash Balance - Beginning		\$ 11,163	\$ 9,651
Inflows - Billing Receipts		21,647	7,216
Outflows - Expenses ⁽¹⁾		(23,159)	(23,616)
Cash Balance - Ending	\$ 11,163	\$ 9,651	\$ (6,749)

Includes operating & debt service expenditures

28. On June 10, 2020, Twin Lakes issued a letter to Mr. Paul Diskin, Director of the Commission's Bureau of Technical Utility Services, Richard Kanaskie, Director and Chief Prosecutor of the Commission's Bureau of Investigation and Enforcement, and Tanya McCloskey, Acting Consumer Advocate of the Pennsylvania OCA. In this letter, Twin Lakes notified these parties of the above-referenced facts and requested initiation of a proceeding under 66 Pa. C.S. §529. A copy of this letter is attached to this Petition as Appendix K.

29. Subsequently, the Commission Secretary accepted Twin Lakes' June 10, 2020 letter for filing and the Commission assigned to it a docket number captioned Docket No. M-2020-3020390 (Notice of Termination of Service Agreement Between Middlesex Water Company and Twin Lakes Utilities, Inc.).

30. On June 17, 2020, the Commission Staff of the Bureau of Technical Utility Services issued a First Set of Data Requests, sequentially numbered M-1 through M-19, in Docket No. M-2020-3020390. On July 1, 2020, Twin Lakes submitted responses to all of these data requests.

31. By letter dated July 13, 2020, the Commission informed Twin Lakes that its June 10, 2020 request for the initiation of a proceeding pursuant to 66 Pa. C.S. §529 was not

in the form of an official filing with the Commission. Despite the Commission having subsequently assigned a docket number to and promulgated discovery on the June 10, 2020 request, the Commission rejected Twin Lakes' June 10, 2020 request without prejudice for refiling as a proper pleading such as a petition or application.

32. As of the date of filing of this Petition, Twin Lakes' sole creditor, Middlesex, has indicated that it is unwilling to renegotiate the terms of Twin Lakes' obligations pursuant to the three outstanding Unsecured Revolving Promissory Notes executed in 2016 and 2019. Twin Lakes is unable to establish a credit arrangement at any reasonable cost with any financial institution as a stand-alone entity due to Twin Lakes' inability to demonstrate that it has the net income and cash flow to adequately support debt repayment. As a result, Twin Lakes is considering all options including the filing of a petition for bankruptcy protection.

II. PRAYER FOR RELIEF PURSUANT TO 66 PA. C.S. §529

33. All of Twin Lakes' annual reports and tariffs and other regulatory reports and approvals are incorporated herein by reference.

34. All of Twin Lakes' July 1, 2020 responses to the First Set of Data Requests, sequentially numbered M-1 through M-19 by the Commission Staff of the Bureau of Technical Utility Services in Docket No. M-2020-3020390, are incorporated herein by reference.

35. Pursuant to 66 Pa. C.S. §529(a)(3), "The Commission may order a capable public utility to acquire a small water or sewer utility if the Commission, after notice and an opportunity to be heard determines...that the small water or sewer utility cannot reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future."

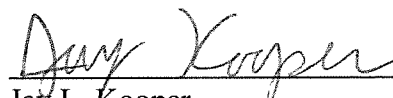
36. For the reasons set forth above in this Petition, Twin Lakes no longer has the adequate financial capability or support to furnish and maintain adequate, efficient, safe and reasonable service and facilities to the customers of Sagamore Estates in Shohola Township, Pike County, Pennsylvania. In addition to the financial capability inadequacy, unless Twin Lakes is able to secure another contract operator through the RFP process discussed above, effective September 1, 2020 Twin Lakes will likely not have the operational capability or support to furnish and maintain adequate, efficient, safe and reasonable service and facilities with the termination of the Service Agreement.

WHEREFORE, Twin Lakes respectfully requests the Commission to issue on an expedited basis an Order which approves its Petition and finds and concludes that:

1. Twin Lakes has established that it “cannot reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future;” 66 Pa. C.S. §529(a)(3), thereby warranting the acquisition of Twin Lakes by a “capable public utility” as defined by Section 529 of the Pennsylvania Public Utility Code

2. Pursuant to 66 Pa. C.S. §529(d), issue an order for the acquisition of Twin Lakes by a “capable public utility” as defined by 66 Pa. C.S. §529.

Respectfully submitted,



Jay L. Kooper
Secretary
Petitioner Twin Lakes Utilities, Inc.
485C Route One South, Suite 400
Iselin, New Jersey 08830
(732) 638-7506
jkooper@middlesexwater.com

Dated: July 16, 2020

APPENDICES

- Appendix A** Asset Purchase Agreement For The Acquisition of the Assets of Twin Lakes Water Services, LLC By Twin Lakes Utilities, Inc., dated November 3, 2009
- Appendix B** Recorded Deed Between Twin Lakes Water Services, LLC and Twin Lakes Utilities, Inc., dated November 3, 2009 and recorded November 9, 2009
- Recorded Mortgage Satisfaction Piece Between Twin Lakes Water Services, LLC and Susan Rogers, dated September 17, 2009 and recorded November 9, 2009
- Title Insurance Policy of Twin Lakes Utilities, Inc., dated November 9, 2009
- Appendix C** Notice of Adoption of the Twin Lakes Water Services, LLC tariff by Twin Lakes Utilities, Inc. and Twin Lakes Utilities, Inc. P.A. P.U.C/ No. 3 Tariff, filed November 16, 2009.
- Appendix D** Unsecured Revolving Promissory Note – January 2016
Unsecured Revolving Promissory Note – October 18, 2019
Unsecured Revolving Promissory Note – October 29, 2019
- Appendix E** Service Agreement Between Middlesex Water Company and Twin Lakes Utilities, Inc., dated December 1, 2009
- Appendix F** Twin Lakes Utilities, Inc. Application To PENNVEST (August 7, 2019)
PENNVEST Notification of Award To Twin Lakes Utilities, Inc. (Jan. 29, 2020)
- Appendix G** Letter From Middlesex Water Company To Twin Lakes Utilities, Inc. Demanding Payment of Amounts Due on Promissory Notes, dated May 28, 2020
- Appendix H** Reply Letter From Twin Lakes Utilities, Inc. To Middlesex Water Company
Re: Middlesex’s Demand of Payment of Amounts Due on Promissory Notes,
dated May 29, 2020
- Appendix I** Letter From Middlesex Water Company To Twin Lakes Utilities, Inc. Notifying Twin Lakes of Termination of Service Agreement, dated June 1, 2020
- Reply Letter From Twin Lakes Utilities, Inc. Acknowledging Receipt of Middlesex Water Company’s Notice of Termination of Service Agreement, dated June 1, 2020

Appendix J Twin Lakes Utilities, Inc. Request For Proposal – Contract Operations & Maintenance Services For The Twin Lakes Utilities, Inc. Community Water System Located In Shohola Township, Pike County, Pennsylvania, dated July 14, 2020

Appendix K Letter From Twin Lakes Utilities, Inc. To Messrs. Paul Diskin and Richard Kanaskie of Pennsylvania Public Utility Commission Staff and Ms. Tanya McClosky, Acting Pennsylvania Consumer Advocate, dated June 10, 2020 (Internal exhibits omitted)

APPENDIX A

ASSET PURCHASE AGREEMENT

FOR THE ACQUISITION

OF

THE ASSETS OF TWIN LAKES WATER SERVICES LLC

BY

TWIN LAKES UTILITIES, INC.

Dated as of November 3, 2009

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ASSET PURCHASE AGREEMENT

This AGREEMENT, dated as of this 3rd day of November, 2009, among Twin Lakes Water Services, LLC, a New Jersey limited liability company (the "Company"); Nicholas P. Braco, Jr. (the "Member"); and Twin Lakes Utilities, Inc. a Pennsylvania corporation (the "Purchaser").

Preliminary Statement

- A. The Company is engaged in the business of providing public water supply services in the Township of Shohola, Pike County, Pennsylvania, and owns certain real and personal property used in connection therewith.
- B. The Member owns one hundred percent (100%) of the outstanding membership interests of the Company.
- C. The Purchaser is a wholly owned subsidiary of Middlesex Water Company, a New Jersey corporation ("Middlesex").
- D. The Company desires to sell, and the Purchaser desires to purchase, certain assets and business of the Company, all on the terms and conditions set forth herein.

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

ARTICLE 1. SALE AND PURCHASE OF COMPANY ASSETS

1.1. Company Assets to be Purchased. Subject to the terms and conditions hereinafter set forth, the Purchaser shall purchase from the Company, and the Company shall sell, assign, transfer, convey and deliver to the Purchaser, at the Closing (as hereinafter defined), (a) the real property known as Block No. 1, Lot 1, Account No./Control # 12-0-109553 in the Tax Map of the Township of Shohola, Pike County, Pennsylvania, consisting of approximately 1.15 acres (the "Property"); (b) (i) any and all privileges, tenements, hereditaments, rights of way, easements and appurtenances of the Property; (ii) any and all streets, ways, strips or gores of land adjoining the Property; (iii) any and all buildings, wells, improvements and fixtures on or attached to attached to the Property (the "Appurtenant Rights"); (c) all easements, rights of way, rights of use, licenses, privileges and other property rights related to the water distribution system owned by the Company (the "Other Rights"); (d) any and all equipment, water distribution lines, pump stations, pump house meters, and water meters (the "System Equipment"); (e) any and all governmental approvals and permits relating to the Property (the "Approvals"); (f) any and all rights, warranties, and guarantees relating to the Property or the System Equipment; (g) all accounts receivable as set forth on Schedule 1.1(b) (the "Purchased A/R"), free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever (the "Encumbrances") (hereinafter collectively called the "Company Assets").

1.2. Purchase Price. The purchase price shall be payable by the Purchaser as follows:

- (a) Thirty Five Thousand Dollars (\$35,000), to be delivered at the Closing; plus
- (b) A payment of \$7,410.75 representing the amount of the Purchased A/R less the Deferred A/R (as defined below) at the Closing; plus
- (c) A payment of \$7,050.75 at the Closing; representing unbilled revenue for the three month period from August 1, 2009 through October 31, 2009;
- (d) A payment in the amount of \$28,450 at the Closing, representing reimbursement for the Company's costs of acquisition and installation of certain pumps included with the System Equipment; plus
- (e) Payment after the Closing of the amounts of Deferred A/R and unbilled revenue set forth in Section 6.2 when, as and if the condition set forth in Section 6.2 is satisfied.

As used herein, the term "Deferred A/R" means the accounts and balances identified in Section 6.2 below as Deferred A/R.

All of the payments in respect of the Purchase Price, less the amount (if any) of the escrow imposed by the New Jersey Division of Taxation in accordance with its bulk transfer notification procedures, shall be made at Closing in the form of certified or bank check, attorney trust account check or wire transfer of immediately available funds.

1.3. No Assumption of Obligations. Purchaser is not assuming any liabilities or obligations of the Company, expressly or impliedly, in connection with the transactions contemplated hereby.

1.4. Closing. The closing of the transaction contemplated hereby (the "*Closing*") is taking place at the offices of Norris McLaughlin & Marcus, PA, counsel to the Purchaser, in Bridgewater, New Jersey concurrently with the execution and delivery hereof.

1.5. Allocation of Purchase Price. The purchase price payable by the Purchaser shall be allocated among the Company Assets as provided in Schedule 1.5 hereto.

ARTICLE 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE MEMBER.

The Company and, with respect to the representations in Sections 2.5 and 2.13 only, the Member, hereby jointly and severally represent and warrant to the Purchaser that except as described in a Schedule attached hereto (with specific reference in such Schedule to the Section of this Agreement to which each exception or addition disclosed in such Schedule applies):

2.1. Organization and Good Standing. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of State of New Jersey and has all requisite power and authority and all necessary licenses and permits to conduct its

business as now conducted and to own or lease and operate the assets and properties now owned or leased and operated by it.

2.2. Subsidiaries and Other Investments. The Company does not have any investments in or own any securities of any business, enterprise, corporation, partnership, joint venture or other entity or organization.

2.3. Compliance with Law. Neither the Company, nor its use or occupancy of any of the Company Assets, is in violation of any applicable federal, state, local or other governmental law or ordinance, or any order, rule or regulation of any federal, state, local or other governmental authority, to which the Company or any of its business, operations, assets or properties are subject. The licenses, permits, approvals, registrations, qualifications, certificates and other governmental authorizations that are listed on Schedule 2.3 hereof are the only governmental authorizations that are necessary for the operations of the Company. There are no proceedings pending or, to the best of the Company's knowledge, threatened which seek the revocation, cancellation, suspension or any adverse modification of any permits or approvals of the Company.

2.4. Authority and Compliance. Each of the Company and the Member has full power and lawful authority to execute and deliver this Agreement and, subject to PAPUC approval, to consummate and perform the transaction contemplated hereby. The execution and delivery of this Agreement by the Company and the Member and the consummation and performance of the transaction contemplated hereby have been duly and validly authorized by all necessary proceedings, and this Agreement constitutes the legal, valid and binding obligation of the Company and each Member, enforceable against each of them in accordance with its terms. Neither the execution and delivery of this Agreement by the Company or the Member nor the consummation and performance of the transaction contemplated hereby in accordance with the terms hereof (A) requires the approval or consent of, or notice to, any governmental authority, or (B) will conflict with or result in the breach or default under, or cause an acceleration of any payments pursuant to (i) the Certificate of Formation or Operating Agreement of the Company, or (ii) any law or any rule, regulation, order, writ, injunction or decree of any court or other governmental authority, or (iii) any mortgage, note or other agreement or instrument to which the Company or any Member is a party or by which any of them (or the property of any of them) is bound.

2.5. Accounts Receivable. All of the Purchased A/R have been acquired or have arisen only in the ordinary course of business for goods sold and delivered or services performed. All of such accounts receivable are due within 30 days after the date hereof, and are collectible in full within 90 days after billing in the aggregate recorded amounts thereof, subject to no defenses, offsets or counterclaims; except that no representation is made as to the collectability of Deferred A/R.

2.6. Governmental Approvals. To the best of the Company's knowledge, except for PAPUC approval and any exceptions set forth on Schedule 2.6, no consent, approval, or authorization of, or designation, declaration, notification, or filing with any court, tribunal, administrative agency or commission, or other governmental or other regulatory authority or

agency on the part of the Company or the Member is required in connection with the valid execution, delivery and performance of this Agreement or the consummation of this transaction.

2.7. Assets and Properties. On the date of closing, the Company will convey good, valid and marketable title to, all of the Company Assets, free and clear of all Encumbrances. No person other than the Company owns any of the System Equipment. None of the Company Assets are leased or licensed by the Company.

2.8. [Intentionally omitted.]

2.9. Legal Proceedings, Etc. There is no dispute, claim, action, suit, proceeding, arbitration or investigation, either administrative or judicial, pending or, to the best knowledge of the Company and the Member, threatened by or against or affecting the Company or its business, or any of its assets, properties or prospects, whether or not covered by insurance, before or by any court or governmental authority, or before an arbitrator of any kind. The Company is not subject to or in default with respect to any indictment, order, injunction, decree or award of any court, arbitrator or governmental agency. Neither the Company nor the Member has any knowledge of any state of facts or the occurrence of any event that might reasonably form the basis of any claim against the Company. The Company has not violated any local, state or federal law, rule or regulation with respect to its used and operation of the Purchased Assets. No notices, citations, summons or order have been issued and remain outstanding, or to the Company's knowledge, threatened, by any authority with respect to the ownership and operation of the Purchased Assets.

2.10. Transactions with Affiliates. No officer or Member of the Company, or any member of his immediate family, owns, directly or indirectly, or has an ownership interest, (a) in any business (corporate or otherwise) which is a party to, or in any property which is the subject of, business arrangements or relationships of any kind with the Company, or (b) in any business (corporate or otherwise) which conducts the same business as, or a business similar to, that conducted by the Company.

2.11. Contracts and Commitments. The Company is not a party to any outstanding contracts of any type relating to the Company Assets.

2.12. No Third Party Options. There are no existing Contracts with any person to acquire any of the assets or properties of the Company or any interest therein, except for this Agreement.

2.13. Environmental Matters. To the Knowledge of the Member, the Company is in compliance with all Environmental Laws. The Company has not received any summons, citation, directive, order, claim, investigation, communication or other action from the United States Environmental Protection Agency, the PA DEP or any other governmental authority seeking any information under or alleging any violation of any Environmental Law with respect to the Property. The Company has not caused or permitted the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Materials. The Company has not caused or permitted, nor does the Company have

any Knowledge of, any release, spill, leak, emittance, discharge, leaching, seeping, draining or dumping of any Hazardous Materials on the Property or off site emanating from the Property. To the best of the Company's knowledge, there are no underground or above-ground tanks at the Property. To the Knowledge of the Member there are no Hazardous Substances at the Property in excess of tolerances allowed by Environmental Laws. To the Knowledge of the Member, there is no asbestos-containing material, and there are no PCB's, incorporated, installed or otherwise located in or on the Property. "Hazardous Material" means the collective meanings given to the terms "hazardous material", "hazardous substances" and "hazardous waste" in the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 USC §9601 et seq., as amended, the Resource Conservation and Recovery Act, 42 USC §6901 et seq., as amended, the Federal Water Pollution Control Act, 33 USC §1251 et seq., as amended, the Oil Pollution and Control Act of 1990, the Hazardous Materials Transportation Act, 49 USC §1801 et seq., as amended, and shall also include any meanings given to such terms in any similar federal, state or local statutes, ordinances, regulations, or executive orders concerning or relating to industrial hygiene or the protection of health or the environment ("Environmental Laws"). Without limiting the generality of the foregoing, the term "Hazardous Material" shall include oil and any other substance known to be hazardous, such as hazardous waste, lead-based paint, asbestos, methane gas, radon gas, urea formaldehyde insulation, oil, polychlorinated byphenyls ("PCB's"). As used herein, the term "Knowledge" means the actual knowledge of the Member, without having made any investigation or inquiry in connection with the transactions contemplated by this Agreement, and with due regard to the following considerations: (i) the Company acquired the Property and the System Equipment on June 30, 2006 and did not conduct any environmental audit or investigation of the Property or System Equipment in connection with the acquisition, (ii) the Company has not conducted any environmental audit of the Property or System Equipment during the period of its ownership and is not otherwise in possession of any environmental report or information with respect to the environmental condition of the Property conducted by any third party; (iii) the Purchaser acknowledges that it has had the opportunity to engage third parties to perform environmental investigations of the Property and the System Equipment in connection with the transactions contemplated hereby and has not done so.

2.14. No Name Change. The operations now being conducted by the Company have not been conducted under any other name during the period of its ownership, which commenced on June 30, 2006. Prior to that date, the subject water system was owned and operated by the Company's predecessor, Twin Lakes Water Company, Inc.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER.

The Purchaser hereby represents and warrants to the Company as follows:

3.1. Organization and Good Standing. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

3.2. Authority and Compliance. The Purchaser has full corporate power and lawful authority to execute and deliver this Agreement. The consummation and performance by the Purchaser of the transaction contemplated by this Agreement have been duly and validly

authorized by all necessary corporate proceedings, and this Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms. The execution, delivery and performance of this Agreement by the Purchaser will not conflict with or result in the breach or violation of any term or provision of, or constitute a default under, the certificate of incorporation or by-laws of the Purchaser, or any mortgage, note or other agreement or instrument to which the Purchaser is a party or by which it is bound.

ARTICLE 4. INDEMNIFICATION.

4.1. Indemnification by the Company and the Member. From and for a limited period of two years after the Closing, the Company and the Member (subject to the limitations below) shall, jointly and severally, indemnify the Purchaser and Middlesex, and hold the Purchaser and Middlesex harmless, against and in respect of:

- (a) any and all liabilities and obligations of the Company of any nature whatsoever;
- (b) any and all actions, suits, claims, or legal, administrative, arbitration, governmental or other proceedings or investigations against the Purchaser that relate to the Company or its business and operations, in which the event giving rise thereto occurred prior to the date hereof or which result from or arise out of any action or inaction prior to the date hereof on the part of the Company or any member, manager, officer, employee, agent, representative or subcontractor of the Company;
- (c) any and all damage, loss, liability or deficiency resulting from any misrepresentation, or any breach of any warranty or of any covenant or agreement, on the part of the Company or the Member under this Agreement;
- (d) any and all damage, loss, liability or deficiency for payment of or failure on the part of the Company or the Member to pay any taxes or the filing of or failure to file any reports required in connection therewith; and
- (e) any and all actions, suits, claims, proceedings, investigations, audits, demands, assessments, fines, judgments, costs and other expenses (including, without limitation, reasonable audit and legal fees) incident to any of the foregoing.

The liability of the Member pursuant to this Section 4.1 shall be limited to claims arising from (i) a breach of the representations in Sections 2.5 and 2.13 above, (ii) breach by the Member of the covenant set forth in Section 6 below, (iii) failure by the Company or the Member to pay any taxes (including penalties or interest, if any, with respect thereto); (iv) actions by any creditor of the Company or the Member to collect from Purchaser any liabilities and obligations of the Company and/or the Member.

4.2. Indemnification by the Purchaser. From and after the Closing, the Purchaser shall indemnify the Company and the Member, and hold the Company and the Member harmless, from and against:

(a) any and all damage, loss, liability or deficiency resulting from any misrepresentation, or any breach of any warranty or of any agreement or covenant, on the part of the Purchaser under this Agreement;

(b) any and all actions, suits, claims, or legal, administrative, arbitration, governmental or other proceedings or investigations against the Company that relate to the Purchased Assets or the operation thereof, in which the event giving rise thereto occurred after the date hereof or which result from or arise out of any action or inaction after the date hereof on the part of the Purchaser or any director, officer, employee, agent, representative or subcontractor of the Purchaser and all actions, suits, claims, proceedings, investigations, audits, demands, assessments, fines, judgments, costs and other expenses (including, without limitation, reasonable legal fees) incident to any of the foregoing.

4.3. Method of Asserting Claims, Etc. All claims for indemnification under this Article 4 shall be asserted and resolved as follows:

(a) In the event that any claim or demand for which the Company or the Member would be liable to the Purchaser hereunder is asserted against or sought to be collected from the Purchaser by a third party, the Purchaser shall promptly notify the Company and the Member of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "*Claim Notice*"). The Company and the Member shall have 10 days from their receipt of the Claim Notice (the "*Notice Period*") to notify the Purchaser (i) whether or not they dispute their liability to the Purchaser hereunder with respect to such claim or demand and (ii) whether or not they desire, at their sole cost and expense, to defend the Purchaser against such claim or demand. In the event that the Company or the Member notify the Purchaser within the Notice Period that they desire to defend the Purchaser against such claim or demand, except as hereinafter provided, the Company and the Member shall have the right to defend the Purchaser by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by them to a final conclusion in such a manner as to avoid any risk of the Purchaser becoming subject to liability for any other matter. If the Purchaser desires to participate in, but not control, any such defense or settlement it may do so at its sole cost and expense. If, in the reasonable opinion of the Purchaser, any such claim or demand involves an issue or matter which could have a materially adverse effect on the business, operations, properties, assets or prospects of the Purchaser, the Purchaser shall have the right to control the defense or settlement of any such claim or demand and its reasonable costs and expense shall be included as part of the indemnification obligations of the Company and the Member hereunder. If the Purchaser elects to exercise such right, the Company and the Member shall have the right to participate in, but not control, the defense or settlement of such claim or demand at the sole cost and expense of the Company and the Member. If the Company and the Member elect not to defend the Purchaser against such claim or demand, whether by not giving the Purchaser timely notice as provided above or otherwise, then the amount of any such claim or demand (or, if the same be contested by the Company or the Member or by the Purchaser (but the Purchaser shall have no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful), shall be conclusively deemed to be a liability of the Company and the Members hereunder.

(b) In the event the Purchaser shall have a claim against the Company or the Member hereunder which does not involve a claim or demand being asserted against or sought to be collected from it by a third party, the Purchaser shall promptly send a Claim Notice with respect to such claim to the Company and the Member. If the Company and the Member do not notify the Purchaser within the Notice Period that they dispute such claim, the amount of such claim shall be conclusively deemed a liability of the Company and the Member hereunder.

(c) Nothing herein shall be deemed to prevent the Purchaser from making a claim hereunder for potential or contingent claims or demands, provided the Claim Notice sets forth the specific basis for any such potential or contingent claim or demand to the extent then feasible and the Purchaser has reasonable grounds to believe that such a claim or demand may be made.

(d) All claims for indemnification by the Company or the Member under this Agreement shall be asserted and resolved under the procedures set forth above, substituting in the appropriate place "*the Company*" or the name of such Member for "*the Purchaser*" and vice versa.

ARTICLE 5. RECOVERY AND REIMBURSEMENT OF CERTAIN COSTS.

The Company installed two lengths of water main in a yet unbuilt portion of the subdivision serviced by the Company. The cost of these installations is \$14,700. The Purchaser shall apply to the Pennsylvania Public Utility Commission (PAPUC) to recover the costs as impact fees from utility customers as they connect to the water mains. In the event that the Purchaser's application is approved by the PAPUC, then the Purchaser agrees to pay the impact fees to the Company if and when the same are collected from the connecting utility customer.

ARTICLE 6. COLLECTION OF PURCHASED A/R AND DEFERRED A/R.

6.1. General. The Company and the Member, jointly and severally, agree to turn over to the Purchaser any and all payments received from customers in respect of Purchased A/R following the Closing. Customer checks received by the Company shall be endorsed to the Purchaser and delivered to the Purchaser once weekly. The Company and the Member agree that all payments so received from customers shall be held in trust for the Purchaser pending delivery thereof to the Purchaser. At Purchaser's request, the Company shall give written notification to the Company's customers of the assignment of the Purchased A/R to the Purchaser and instructions to forward payments to the address specified by the Purchaser.

6.2. Deferred A/R and Unbilled Revenue. The Purchaser has held back payment of \$5,074.55 representing balances due on the following accounts receivable identified in Schedule 1.1(b) (collectively, the "Deferred A/R") and unbilled revenue for the period August 1 – October 31, 2009, in the amount of \$70.50 per customer:

<u>Account No.</u>	<u>Name</u>	<u>Balance</u>	<u>Unbilled Rev</u>	<u>Total</u>
20123	Figuroa	\$535.81	\$70.50	\$606.31
40533	Babcock	\$492.50	\$70.50	\$563.00

40576	Guensch	\$822.67	\$70.50	\$893.17
40743	King	\$1,004.57	\$70.50	\$1,075.07
40749	Manzoni	\$ 597.50	\$70.50	\$ 668.00
40759	Garcia	\$493.50	\$70.50	\$ 564.00
40760	Edwards	\$493.50	\$70.50	\$ 564.00

For each of the above accounts, the Purchaser shall pay the Company the respective totals of accounts receivable plus unbilled revenue listed above if and when the applicable customer enters into a written payment plan with the Purchaser for payment of the entire balance. If they do not enter a written payment plan, Purchaser shall pay the Company when, as and if the account debtor pays the Company the balances thereof. The Purchaser shall use commercially reasonable efforts to locate and offer payment plans to the above customers.

Two accounts listed on Schedule 1.1(b) – no. 40757 (Quill) and 20117 (Weldon), are deemed written off by the Company and are not Purchased A/R.

Purchaser shall give an accounting to the Company of all amounts collected by Purchaser in respect of Deferred A/R once monthly for six months after the Closing, and thereafter as and when necessary by reason of receipt of collections.

ARTICLE 7. MISCELLANEOUS MATTERS.

7.1. Survival of Representations and Warranties. All representations and warranties made by the Company, the Member or the Purchaser in this Agreement shall survive for a limited period of two years following the Closing, notwithstanding any investigation made by or on behalf of the Purchaser, provided however that any action or suit thereon must be commenced by the date that is two years after the Closing.

7.2. Right of Collection. The Purchaser shall be entitled to collect for its own account all Purchased A/R and other items transferred to the Purchaser, and to endorse with the name of the Company any checks received on account of such receivables or other items. The Company agrees that it shall, at all times after the Closing, maintain any cash or property in trust, and promptly transfer and deliver such cash or property to the Purchaser, which the Company may receive in respect of such Purchased A/R. The Company shall at Purchaser's request give written notice to customers of the change in address for payment of invoices.

7.3. Further Assurances. At any time and from time to time after the Closing, at the request of the Purchaser and without further consideration, the Company and the Member shall execute, acknowledge and deliver all such further documents, and shall do and perform all such further acts and deeds, as may reasonably be requested to more effectively vest in the Purchaser the rights and benefits intended to be conferred hereby.

7.4. Mail. After the Closing, the Purchaser may receive and open all mail addressed to the Company and deal with the contents thereof at its discretion. The Purchaser shall remit to the Company all mail that does not relate to the Company Assets or the obligations of the Company assumed by the Purchaser.

7.5. Changes, Waivers. No provision of this Agreement may be changed or waived orally or by any course of dealing, but only by an instrument in writing signed by the party to be charged with such change or waiver.

7.6. Brokerage, Expenses, Taxes, Etc.

(a) The Purchaser, the Company and the Members represent and warrant that all negotiations relative to this Agreement have been carried on by them directly without the intervention of any person, firm or corporation. The Company and the Members shall indemnify the Purchaser and hold it harmless against and in respect of any claim for brokerage or other commissions relative to this Agreement or the transaction contemplated hereby made by any person, firm or corporation claiming through the Company, the Members, or any of them. The Purchaser shall similarly indemnify the Company and the Members as to any such claim made by any person, firm or corporation claiming through the Purchaser.

(b) Each party shall pay all of its own legal, accounting and other fees and expenses incurred by it in connection with this Agreement and the transaction contemplated hereby.

7.7. Cooperation. Subject to the terms and conditions herein provided, each of the parties hereto shall use its best efforts to take (or cause to be taken) such action, to execute and deliver (or cause to be executed and delivered) such additional documents and instruments, and to do (or cause to be done) all things necessary, proper or advisable under the provisions of this Agreement and under applicable law, to consummate and make effective the transaction contemplated by this Agreement.

7.8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of such counterparts together shall be deemed to be one and the same instrument.

7.9. Contents of Agreement; Parties in Interest; Assignment, Etc. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. All previous agreements and understandings between the parties regarding the subject matter hereof are merged into and superseded by this Agreement. The Purchaser may assign its rights and benefits hereunder, including the benefit of any representation, warranty, covenant or indemnification, to any third party, but no other party hereto shall assign this Agreement or any right or benefit hereunder without the prior written consent of the Purchaser. Subject to the foregoing, all representations, warranties, covenants, terms and conditions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, legal representatives, successors and assigns of the parties hereto.

7.10. Section Headings and Gender. The section headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof. The use of the masculine or any other pronoun herein when referring to any

party is for convenience only and shall be deemed to refer to the particular party intended regardless of the actual gender of such party.

7.11. Certain Term. As used in this Agreement, the term "*including*" means "*including, without limitation*".

7.12. Notices. All notices, consents, waivers or other communications which are required or permitted hereunder shall be in writing and shall be sufficient if delivered personally (including by means of recognized courier service for which a written receipt is given) or by registered or certified mail, return receipt requested, postage prepaid, as follows (or to such other address as shall be set forth in a notice given in the same manner):

If to the Purchaser:

Twin Lakes Utilities, Inc.
c/o Middlesex Water Company
1500 Ronson Road
P.O. Box 1500
Iselin, New Jersey 08830
Attn: Richard M. Risoldi
Vice President – Subsidiary Operations

With a copy to:

Kenneth J. Quinn, Esq.
Vice President and General Counsel

If to the Company and/or the Member:

Twin Lakes Water Services, LLC
23 Sutton Road
Lebanon, New Jersey 08833
Attention: Nicholas P. Braco, Jr.

With a copy to:

Douglas R. Henshaw, Esq.
Porzio, Bromberg & Newman P.C.
100 Southgate Parkway
PO Box 1997
Morristown, NJ 07962

All such notices shall be deemed to have given on the date personally delivered or mailed in the manner provided above.

7.13. Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of New Jersey, without giving effect to the principles of conflicts of laws.

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

TWIN LAKES WATER SERVICES, LLC

By: Nicholas P. Braco Jr
Name Nicholas P. Braco, Jr.
Title: Managing Member

Nicholas P. Braco Jr
Nicholas P. Braco, Jr., Individually, as to
Sections 2.5, 2.13, 4.1 and 6

TWIN LAKES UTILITIES, INC.

By: Richard M. Risoldi
Richard M. Risoldi
President

SCHEDULES

Each schedule number corresponds to the section of the Agreement in which such schedule is referred to.

Schedule 1.1(b) [Purchased A/R]:
See Attached Excel Spreadsheet

Schedule 1.5 [Allocation of purchase price]:

Utility Plant in Service	\$35,000.00
System Equipment	\$28,450.00
Accounts Receivable	\$14,461.50
Total	\$77,911.50

Schedule 2.3 [Licenses and Permits]:
Certificate of Public Convenience from Pennsylvania Public Utilities Commission, described in the Order referred to in Schedule 2.6

Schedule 2.6 [Governmental Authorizations]:
Order of the Pennsylvania Public Utilities Commission (Docket Nos. 2050089 and 2050092) adopted February 26, 2009 and entered March 2, 2009

Schedule 2.13 [Environmental Matters]
The PA DEP has issued "boil water advisories" in connection with pump failures. There are no such advisories currently pending.

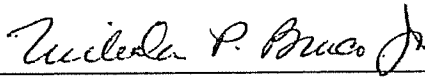
BILL OF SALE

For value received, TWIN LAKES WATER SERVICES, LLC, a New Jersey limited liability company ("Transferor"), does hereby sell, transfer and convey to TWIN LAKES UTILITIES, INC., a Pennsylvania corporation ("Transferee"), pursuant to the Asset Purchase Agreement dated as of November 3, 2009 between Transferor and Transferee (the "Purchase Agreement") all of Transferor's right, title and interest in and to the Company Assets(as such term is defined in the Purchase Agreement).

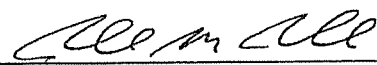
This Bill of Sale is given pursuant to the Purchase Agreement and is subject to the representations, warranties, and covenants of the parties contained therein. Except as expressly stated in the Purchase Agreement, Transferor makes no representations and warranties, express or implied, with respect to the Purchased Assets.

IN WITNESS WHEREOF, the undersigned have each executed and delivered this Bill of Sale as of the 3rd day of November, 2009.

TWIN LAKES WATER SERVICES, LLC

By: 
Nicholas P. Braco, Jr.
Managing Member

TWIN LAKES UTILITIES, INC.

By: 
Richard M. Risoldi
President

OPTION AND SALE AGREEMENT

AGREEMENT made this day November 3, 2009, by and between: TWIN LAKES UTILITIES, INC. ("OPTIONOR"), and Nicholas P. Braco, Jr. ("OPTIONEE").

WITNESSETH:

WHEREAS, Optionor is the owner of certain unimproved real property premises commonly known as Block No. 1, Lot 1, Account No./Control # 12-0-109553 in the Tax Map of the Township of Shohola, Pike County, Pennsylvania, consisting of approximately 1.15 acres (the "Property") and more particularly described on Exhibit A attached hereto and made a part hereof, having acquired the same by deed from Optionee dated the date hereof; and

WHEREAS, Optionee desires to enter into an option to purchase a portion of the Property from Optionor to be defined and determined as set forth below (the "Premises") in accordance with the terms and conditions hereof, provided that Optionee can obtain necessary governmental approvals to subdivide the Property and develop the portion thereof to be conveyed to Optionee with a single family residence; and

WHEREAS, Optionor is willing to grant the Option provided that any proposed subdivision and development of the Premises does not adversely affect the ability of Optionor to construct, maintain and operate the public water supply system located on and adjacent to the Property; and

WHEREAS, the parties hereto intend to be bound by the provisions of this Agreement and set forth their entire mutual understanding with respect to the terms of the option and the potential sale as contemplated herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree as follows:

1. **GRANT OF OPTION.** Optionor does hereby grant to Optionee the sole and exclusive option to purchase the Premises. The Premises shall be defined and described by agreement of the parties as set forth below, and shall in no event include the existing well, pump house or areas within 100 feet of either structure. The area of the Property reserved to Optionor following subdivision shall have pedestrian and vehicular access to a public street and shall be satisfactory to Optionor, in its sole discretion, for the construction, maintenance and operation by Optionor of the public water supply system located on and adjacent to the Property. Optionee shall obtain, at Optionee's expense, an engineer's subdivision plan depicting the proposed subdivision line of the Premises and depicting each of the Premises and remaining part of the Property by metes and bounds. The proposed subdivision plan shall be subject to Optionor's approval.
2. **PURCHASE PRICE.** The purchase price to be paid by Optionee to Optionor for purchase of the Premises shall be One Hundred Dollars (\$100.00), payable in full at closing.
3. **TERM OF OPTION.** The term of this option shall commence on the date hereof and shall terminate on November 3, 2011, unless exercised by Optionee.

4. *CONSIDERATION FOR OPTION.* This Option has been granted by Optionor for and in consideration of the conveyance of the Property by Optionee to Optionor and for other good and valuable consideration, receipt of which is hereby acknowledged.

5. *EXERCISE OF OPTION.* At any time prior to the expiration of the option period(s), Optionee shall have the right to exercise its option to purchase the Premises; Optionee shall exercise its option by giving written notice to that effect to Optionor. In that event, closing of title shall take place not more than thirty (30) days after the Approvals are obtained in satisfaction of the condition set forth in Section 6.

6. *APPROVAL CONTINGENCY, OPTIONEE'S OBLIGATIONS.* The obligation of the Optionor to close title shall be subject to satisfaction of the condition that Optionee, at its own cost and expense, obtain all requisite governmental (federal, state, county, and local) approvals and permits in form and substance reasonably satisfactory to the Optionor, including, without limitation, preliminary and final site plan approval, any necessary relief by way of variances (any variances sought being subject to the limitations set forth below), final subdivision approval, sewer extension permits, sewer connection permits, utility connection permits, road opening permits and curb cut permits needed to enable Optionee to subdivide the Property and construct on the Premises a single family residence (hereinafter "Approvals" and "Contemplated Use"). The Optionee shall be responsible for obtaining, and paying any and all costs associated with obtaining, all Approvals. Optionor shall cooperate with the Optionee in executing any land use application or authorizations necessary for the Optionee to obtain the appropriate governmental approves. The Optionee or its engineer shall provide the Optionor with a complete copy of all filed applications and any subsequent amendments thereto within five (5) days of filing the application or amendment. In addition, the Optionee shall provide Optionor with timely notification of any board meetings at which the Optionee's application may be considered. In the event the Optionee is unable to obtain the Approvals within eighteen (18) months after the date of exercise of this Option, then the Optionor shall have the option of canceling this contract by written notice thereof to Optionor..

7. *OPTIONOR'S OBLIGATIONS.* Optionor represents, covenants and agrees that it shall abide by each and every provision hereinafter, and, as applicable, represents that each and every statement hereinafter is true as of the date hereof and shall remain true throughout the term of the option:

(a) Optionor shall not sell or offer to sell or in any way dispose of the Premises.

(b) Optionor shall execute any and all documents reasonably necessary to enable Optionee to proceed with any application or litigation in connection with the rezoning of the Premises, provided, however, that all such documents shall be prepared by Optionee at Optionee's expense, shall contain only accurate statements and the cost of all such proceedings shall be borne by Optionee.

(c) Optionor represents that no person, firm or other entity has any right or option to acquire the Premises, or any portion thereof, or any interest therein.

8. *ENTRY ONTO THE PREMISES.* During the term of this Option and Sale Agreement, before and after the exercise of the option given hereunder, Optionee, its assigns, designees, nominees, agents and servants shall have the right to enter upon the Premises for the purpose of conducting such engineering tests, studies, surveys and other procedures as it shall deem necessary. Optionee agrees to indemnify and save Optionor harmless from and against any and all claims, demands, charges, expenses or judgments with respect to any personal injury, property damage or other liability which Optionor may incur arising out of such entry and activity by Optionee, including reasonable attorneys' fees. Optionor shall restore the Premises to their condition prior to such entry. The provisions of this Paragraph 8 shall survive the termination or closing hereunder, except that if Optionee exercises the option and purchases the Premises, it shall have no obligation to restore the Premises if it had not theretofore restored the Premises as above provided.

9. *CONSEQUENCES OF FAILURE TO EXERCISE OPTION OR TERMINATION OF OPTION.* If Optionee has not exercised its option to purchase the Premises prior to the expiration of the option period, TIME BEING OF THE ESSENCE, then this Option and Sale Agreement shall terminate. In that event, Optionee shall have no further rights under this Option and Sale Agreement. In such event, neither Optionor nor Optionee shall have any further liability to the other, except that Optionee shall execute any and all documents necessary to signify of record the termination of this Option and Sale Agreement.

10. *NO RECORDING OF OPTION AND SALE AGREEMENT OR A MEMORANDUM THEREOF.* Optionor and Optionee agree that neither this Option and Sale Agreement nor any memorandum thereof may be recorded by Optionee, in the land records of the County wherein the Premises are located. If this Option and Sale Agreement is recorded, then by its recordation hereof the parties hereto agree that this Option and Sale Agreement shall thereupon be null and void and of no force and effect.

11. *TERMS AND PROVISIONS OF THE AGREEMENT OF SALE.* The parties hereto agree that if and when Optionee exercises its option to purchase, the following terms and conditions shall apply.

(a) Property taxes shall be prorated through the date of Closing, with the date of Closing being an item of expense to Optionee;

(b) At Closing, Optionor shall convey to Optionee good and marketable title to the Premises, free and clear of mortgages and monetary encumbrances; and

(c) Optionee shall furnish to Optionor prior to Closing, such documents and proofs as are necessary in the judgment of Optionor and its counsel, to establish that the Approvals have been obtained and the conditions in Section 6 have been satisfied.

12. *MISCELLANEOUS PROVISIONS.* The parties hereto agree that the provisions of this paragraph shall apply to this entire Option and Sale Agreement and shall continue to apply if and when Optionee exercises its option as if the following provisions were incorporated in Paragraph 12 hereof.

A. *HEADINGS.* The article headings contained in this Option and Sale Agreement are for reference only for the convenience of the parties. They shall not be deemed to constitute a part of this Option and Sale Agreement nor shall they alter or supersede the contents of the articles themselves.

B. *GOVERNING LAW.* This Option and Sale Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to agreements made and to be performed wholly within the State of New Jersey.

C. *NOTICES.* Any notice required, permitted or appropriate hereunder shall be served upon the respective parties by certified mail, return receipt requested, as follows:

If to the Optionor:

Twin Lakes Utilities, Inc.
c/o Middlesex Water Company
1500 Ronson Road
P.O. Box 1500
Iselin, New Jersey 08830
Attn: Richard M. Risoldi
Vice President Subsidiary Operations

With a copy to

Kenneth J. Quinn
Vice President and General Counsel

If to the Optionee::

Nicholas P. Braco, Jr.
23 Sutton Road
Lebanon, New Jersey 08833
Attention: Nicholas Braco

With a copy to:

Douglas R. Henshaw, Esq.
Porzio, Bromberg & Newman P.C.
100 Southgate Parkway
PO Box 1997
Morristown, NJ 07962

D. *ASSIGNMENT AND SALE.* This Agreement is personal to Optionee and shall be non assignable, except to another legal entity entirely owned by Nicholas P. Braco, Jr. . For purposes hereof, a merger or consolidation of Optionee with one or more legal entities, or a change in voting control of Optionee such that Nicholas P. Braco, Jr. is not the sole member of Optionee, shall be deemed an assignment hereof.

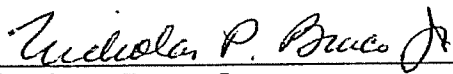
E. *EFFECT OF AGREEMENT.* This Option and Sale Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.

F. *ENTIRE AGREEMENT.* This Option and Sale Agreement represents the entire agreement and understanding between the parties hereto and no oral representations or promises have been made with respect thereto.

G. *MODIFICATION OF AGREEMENT.* This Option and Sale Agreement may not be altered or modified orally, except by written agreement executed by the parties hereto.

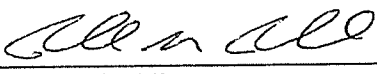
H. *COUNTERPARTS.* This Option and Sale Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals and caused this Option and Sale Agreement to be executed the day and year first above written.



Nicholas P. Braco, Jr.

TWIN LAKES UTILITIES, INC.

By: 

Richard M. Risoldi
President

CLOSING STATEMENT

Reference is made to the Asset Purchase Agreement dated the date hereof between Twin Lakes Utilities, Inc. ("Purchaser") and Twin Lakes Water Services, LLC ("Seller"). The parties acknowledge and confirm the closing figures and sources of uses of funds set forth below:

I. Seller Transaction

Due to Seller:

Base Purchase Price	\$ 35,000.00
Equipment Reimbursement	28,450.00
Accounts Receivable Payment	7,410.75
Unbilled Revenue Payment	7,050.75

Payments to or on behalf of Seller

Satisfaction of Mortgage	\$30,000.00	
Dennis Corcoran (Seller Contractor)	23,000.00	
NJ Division of Taxation Escrow	3,726.62	
Shohola Twp. 2009 Co/Twp. Tax	66.31	
Shohola Twp. 2008-2009 School Tax	286.83	
Shohola Twp. 2009-2010 School Tax	226.96	
Recording Fees	55.00	
County Stamp Tax	350.00	
Proceeds to Seller	<u>20,199.98</u>	
	<u>\$77,911.50</u>	<u>\$77,911.50</u>

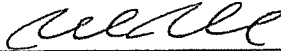
II. Sources and Uses Statement

	<u>Uses</u>	<u>Sources</u>
Purchaser Funds		\$83,000.00
Susan Rogers (Mortgage Discharge)	\$30,000.00	
Dennis Corcoran	23,000.00	
NMM - NJ Bulk Transfer Escrow	3,726.62	
Brokers Abstract and Insurance Co	2,267.59	
Twin Lakes Water Services LLC	20,199.98	
Middlesex Water Company	<u>3,805.81</u>	
	<u>\$83,000.00</u>	<u>\$83,000.00</u>

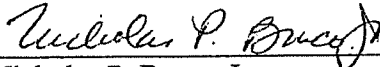
III. Title Company Charges and Payments

Title Insurance Premiums	\$ 456.25
Recording Fees	150.00
Transfer Taxes	700.00
Closing Fee	225.00
Shohola Twp. 2009 Co/Twp. Tax	75.81
Shohola Twp. 2008-2009 School Tax	433.57
Shohola Twp.2009-2010 School Tax	<u>226.96</u>
	<u>\$2,267.59</u>

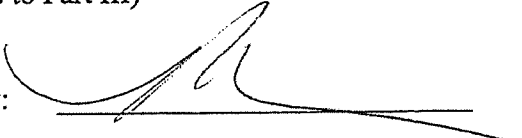
TWIN LAKES UTILITIES, INC.

By: 
Rich Risoldi, President

TWIN LAKES WATER SERVICES, LLC.

By: 
Nicholas P. Braco, Jr.
Member

BROKERS ABSTRACT AND SEARCH COMPANY
(as to Part III)

By: 

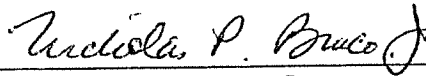
TWIN LAKES WATER SERVICES, LLC

MEMBER'S CERTIFICATE

The undersigned, the sole member of TWIN LAKES WATER SERVICES, LLC, a New Jersey limited liability company ("Company"), does hereby certify to TWIN LAKES UTILITIES, INC., a Pennsylvania corporation ("Purchaser"), pursuant to the Asset Purchase Agreement dated as of November 3, 2009 between the Company and the Purchaser (the "Purchase Agreement") as follows:

1. Nicholas P. Braco, Jr. is the sole member and manager of the Company.
2. The Company is authorized to enter into and perform its obligations under the Purchase Agreement.
3. Nicholas P. Braco, Jr. is authorized to execute and deliver on behalf of the Company the Purchase Agreement, and deeds, bills of sale, assignments, and other agreements, instruments and documents, and to do such other acts or things, which may be necessary and desirable to carry out the Purchase Agreement and the transactions contemplated thereby.

IN WITNESS WHEREOF, the undersigned have each executed and delivered this Bill of Sale as of the 3rd day of November, 2009.



Nicholas P. Braco, Jr.

TWIN LAKES UTILITIES, INC.

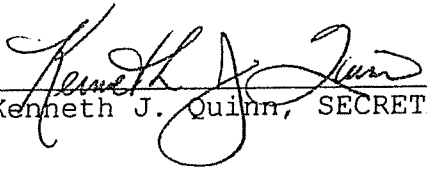
SECRETARY'S CERTIFICATE

The undersigned, Secretary of TWIN LAKES UTILITIES, INC., a Pennsylvania corporation (the "Company"), in connection with the Company's execution and delivery of the Asset Purchase Agreement dated the date hereof (the "Agreement") by and between the Company and Twin Lakes Water Services, LLC (the "Purchaser") does hereby certify to the Lender that:

- (A) Attached hereto as Exhibit A is a true and correct copy of resolutions (the "Resolutions") duly adopted by the Board of Directors of the Company approving the transactions contemplated by the Agreement, which Resolutions have not been modified or rescinded since their adoption, are in full force and effect as of the date hereof, and were adopted in accordance with the Articles of Incorporation and the Bylaws of the Company as in effect at such time; and
- (B) The following are the duly elected, qualified and acting officers of the Company, and that the signatures set forth opposite their respective names below are the true signatures of said officers.

<u>NAME</u>	<u>OFFICE</u>
RICHARD RISOLDI	PRESIDENT
A. BRUCE O'CONNOR	VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
KENNETH J. QUINN	SECRETARY

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of November 3, 2009.


Kenneth J. Quinn, SECRETARY

The undersigned, President of the Company, certifies that Kenneth J. Quinn is the duly elected, qualified and acting Secretary of the Company and that the signature set forth immediately above is his genuine signature.

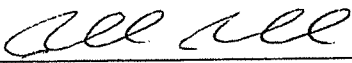

Richard Risoldi

EXHIBIT A

Board Resolutions

Adopted by unanimous vote at a meeting duly called and held on October 30, 2009.

RESOLVED, that the Company is authorized to purchase substantially all of the business assets of TWIN LAKES WATER SERVICES LLC ("Seller") upon the terms and conditions set forth in the draft of the Asset Purchase Agreement by and between the Company and the Seller in the form attached hereto as Exhibit A (the "Purchase Agreement"), with such changes and additions as the officer authorized below may deem appropriate; and be it further

RESOLVED, in connection with the transactions contemplated by the Purchase Agreement, the Company is authorized to enter into an Option and Sale Agreement by and between the Company and Nicholas P. Braco, Jr., the sole member of the Seller in the form attached hereto as Exhibit B (the "Option Agreement") with such changes and additions as the officer authorized below may deem appropriate; and be it further

RESOLVED, that that Richard Risoldi, in his capacity as President of the Company, and Kenneth J. Quinn, in his capacity as Secretary of the Company be and they hereby are, authorized to execute, acknowledge and deliver on behalf of the Company the Purchase Agreement, the Option Agreement and all agreements, certificates, documents and other instruments, and to do such other acts and things, as are called for under the Purchase Agreement and the Option Agreement, and which otherwise are necessary or desirable to effectuate the transactions described in the immediately preceding paragraphs, and his execution of such documents shall constitute conclusive evidence of his or her authority to do so.

Exhibit A - Form of Asset Purchase Agreement
Exhibit B - Form of Option and Sale Agreement

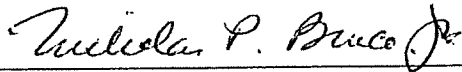
CERTIFIED ACCOUNTS RECEIVABLE LIST

For value received, TWIN LAKES WATER SERVICES, LLC, a New Jersey limited liability company ("Transferor"), does hereby certify to TWIN LAKES UTILITIES, INC., a Pennsylvania corporation ("Transferee"), pursuant to the Asset Purchase Agreement dated as of November 3, 2009 between Transferor and Transferee (the "Purchase Agreement") that attached hereto is a list of the Transferor's Accounts Receivable and the outstanding balances thereof as of the date hereof, and that the list represents a true and accurate statement of the uncollected balances due to the Transferor from customers for the provision of water service.

The last billing by Transferor to its customers was for the three months ended July 31, 2009.

IN WITNESS WHEREOF, the undersigned have each executed and delivered this Bill of Sale as of the 3rd day of November, 2009.

TWIN LAKES WATER SERVICES, LLC

By: 
Nicholas P. Braco, Jr.
Managing Member

File No. **BT-56730**

Parcel ID No. **12-0-109553**

This Indenture, made the 3rd day of November, 2009,

Between

TWIN LAKES WATER SERVICES, LLC, A NEW JERSEY LIMITED LIABILITY COMPANY

(hereinafter called the Grantor), of the one part, and

TWIN LAKES UTILITIES, INC., A PENNSYLVANIA CORPORATION

(hereinafter called the Grantee), of the other part,

Witnesseth, that the said Grantor for and in consideration of the sum of **thirty-five thousand and 00/100 Dollars (\$35,000.00)** lawful money of the United States of America, unto it well and truly paid by the said Grantee, at or before the sealing and delivery hereof, the receipt whereof is hereby acknowledged, has granted, bargained and sold, released and confirmed, and by these presents does grant, bargain and sell, release and confirm unto the said Grantee

ALL THAT CERTAIN lot, parcel and piece of land, situate in the Township of Shohola, County of Pike and State of Pennsylvania, more particularly described as follows, to wit:

BEGINNING at a point in the center of Sagamore Road, said point being the extension of the Easterly line of Lot 1 Block 1; thence (1) leaving said road and along the Easterly said line of Lot 1 Block 1 revised, State 1, as shown and laid out on a map entitled "Plan of Lots, Sagamore Estates, State 1 revised, Block 1, Block 2 and Block 3, Shohola Township, Pike County, Penna.", Scale 1"=100 feet, filed December 1967, in Plat Book 6, at page 120 and again filed in Plat Book 6, at page 196, North 17 degrees 16 minutes, East 148.99 feet to a point, said point being the Northeasterly corner of said Lot 1; thence (2) North 24 degrees, 04 minutes, East 150 feet more or less to an iron pipe; thence (3) South 62 degrees, 11 minutes, East 320 feet more or less to a point where the Northerly line of Tee Pee Drive intersects the Northerly line of the whole tract of which this is a part; thence (4) in a Southwesterly direction 20 feet more or less to a point at the center of Tee Pee Drive; thence (5) in a Westerly direction along the center of said Tee Pee Drive the various courses to a point at the center line intersection of said Tee Pee Drive with Sagamore Road; thence (6) along the center of said Sagamore Road, North 70 degrees, 22 minutes, West 145.00 feet to the point and place of beginning.

TOGETHER with a water distribution system including, but not limited to those facilities, lines, pipes, conduits, valves and accessories shown, detailed and laid out on a map or drawing incorporated herein by referenced, prepared and made by Edward C. Hess Associates, Inc., Consulting Engineers and Surveyors, Stroudsburg, PA, dated

August 27, 1976, Scale 1"=200 feet. Said map or drawing embraces the several maps filed in the Office of the Recorder of Deeds, including Section 1, Section 2 and the several Stage maps heretofore filed by Sagamore Estates, Inc. and Deabel Inc., and is embraced or contained within the boundaries of the tax assessment maps of the Township of Shohola, County of Pike, more particularly, Map #78.02 and Map #78.04.

TOGETHER with the right, privilege and authority to construct, reconstruct, operate and maintain aerial and/or underground lines, equipment and appurtenant facilities as said Grantee may deem necessary and proper for the operation of water transmission and distribution systems and communication systems or utility services which the Grantee may be authorized to provide now or in the future, upon, over, across, under and along the private roads, streets or highways, including the service extensions of these lines to individual lots as may be from time to time necessary, including the right of ingress and egress to and from the said lines and service extensions at all times for any of the aforesaid purposes; and also the right to trim or cut trees and other obstructions within ten feet from either side of said water, electric or communication lines which in the judgment of the Grantee may at anytime interfere with the construction, reconstruction, maintenance or operation of the said water, electric or communication lines or menace the same and in connection therewith the right to remove, if necessary, the root systems of said trees, brush or other undergrowth and to treat said brush or undergrowth with non-toxic chemicals for their removal and/or control.

TOGETHER with and including nonetheless, the right and privilege of laying under, over and along the public or private passageways or roadways as set forth on the aforesaid maps or lots, at any time, pipes, drainage pipes, conduits, sewers, electric lines, telephone and gas lines; with further right and privilege to trim and cut any trees that may overhand on said private passageways or roadways and interfere with or menace with aforesaid lines without obtaining permission.

TOGETHER with unto the Grantee, its successors and assigns, in common, however, with the Grantor, its successors and assigns, the right of ingress, egress and regress in, over and upon and through any and all of the private roadways situate upon the premises of the Grantor. Also, together with unto the Grantee, its successors and assigns, in common with the Grantor, its successors and assigns, the right to use the private roadways as shown on recorded Plats hereinbefore referred to, contained within that subdivision commonly known as Sagamore Estate, Pike County, together with such other rights-of-way over other lands of the Grantor, its successors and assigns, as the Grantor, its successors and assigns, may designate from time to time for the purpose of ingress, egress and regress to and from Legislative Route 51008 or United States Route #6. The granting of this right by the Grantor to the Grantees does not constituted a dedication of such private roadways to the public.

THE Grantee shall be under no duty or obligation of any kind whatsoever to join Sagamore Estates Maintenance, Inc., or any other community or property owner association and shall be under no duty or obligation to pay or contribute to any maintenance fees, assessments, dues or fees of any kind or nature whatsoever for the upkeep, maintenance or capital improvement to any road, way, lane, drive, street or access nor any amenity within Sagamore Estates and the Grantor specifically exempts or

is not responsible for the payment of any association, maintenance or other assessments, dues and fees to the Sagamore Estates Inc. or Sagamore Estates Property Owners Association.

TOGETHER with all and singular the land, improvements, ways, waters, watercourses, rights, liberties, privileges, hereditaments and appurtenances whatsoever thereunto belonging or in anywise appertaining, and the reversions and remainders, rents, issues and profits thereof; and all the estate, right, title interest, property, claim and demand whatsoever of the said original Grantor, in law, equity or otherwise howsoever, in and the same and every part thereof.

THE premises herein described, the roads, ways, lanes, streets and accesses are contained within the lands described in a certain deed dated March 2, 1965, between Camp Sagamore Inc. and Sagamore Estates, Inc. Corporations, Grantors, unto Deabel, Inc., Grantee, recorded in the Office of the Prothonotary for the County of Pike in Deed Book 191 page 299.

CERTAIN water lines extend through and beneath lots within Sate 1 revised, Blocks 1, 2 and 3 and particularly extending through and beneath Lot 8 and Lot 11 in Block 2, Stage 1, together with a structure, an original well housing facility servicing Sagamore Estates wherein the Grantor herein has rights by way of easement and proprietary interest. The Grantor's rights above enumerated, together with the right to enter, construct, reconstruct said facilities are hereby granted and conveyed to the Grantee named herein, its successors and assigns,

BEING THE SAME PREMISES which TWIN LAKES WATER COMPANY, INC., a Pennsylvania Corporation by Indenture bearing the date of June 30, 2006 and recorded in the Office of the Recorder of Deeds, in and for the County of Pike, COMMONWEALTH OF PENNSYLVANIA on November 1, 2006 in Book 2202 Page 1839 granted and conveyed unto TWIN LAKES WATER SERVICES, LLC, a New Jersey Limited Liability Company, in fee.

Together with all and singular the buildings and improvements, ways, streets, alleys, driveways, passages, waters, water-courses, rights, liberties, privileges, hereditaments and appurtenances, whatsoever unto the hereby granted premises belonging, or in anywise appertaining, and the reversions and remainders, rents, issues, and profits thereof; and all the estate, right, title, interest, property, claim and demand whatsoever of it, the said grantor, as well at law as in equity, of, in and to the same.

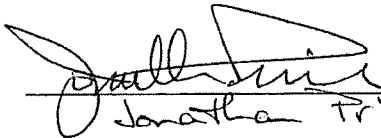
To have and to hold the said lot or piece of ground described above, with the buildings and improvements thereon erected, hereditaments and premises hereby granted, or mentioned and intended so to be, with the appurtenances, unto the said Grantee, its successors and assigns, to and for the only proper use and behoof of the said Grantee, its successors and assigns, forever.

And the said Grantor, for itself and its successors, does, by these presents, covenant, grant and agree, to and with the said Grantee, its successors and assigns, that it, the said Grantor, and its successors and assigns, all and singular the hereditaments and premises herein described and granted, or mentioned and intended so to be, with the appurtenances, unto the said Grantee, its successors and assigns, against it, the said Grantor, and its successors and assigns, and against all and every other person and persons whosoever lawfully claiming or to claim the same or any part thereof, by, from or under him, her, it, or any of them, shall and will

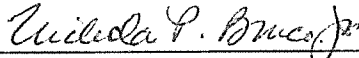
Warrant and Foreber Defend.

In Witness Whereof, the party of the first part has caused these presents to be property signed.
Dated the day and year first above written.

Sealed and Delibered
IN THE PRESENCE OF US:


Jonathan Prince

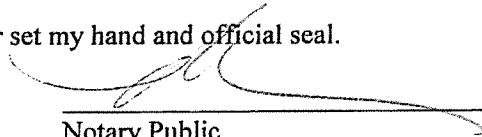
TWIN LAKES WATER SERVICES, LLC, A NEW JERSEY LIMITED LIABILITY COMPANY

By:  {SEAL}
NICHOLAS P. BRACO, JR., MANAGING MEMBER

STATE OF NEW JERSEY } ss
COUNTY OF SOMERSET

AND NOW, this 3rd day of November, 2009, before me, the undersigned Notary Public, appeared NICHOLAS P. GRACO, JR., who acknowledged himself/herself to be the MANAGING MEMBER of TWIN LAKES WATER SERVICES, LLC, a New Jersey Limited Liability Company, and he/she, as such Managing Member being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Limited Liability Company by himself/herself as Managing Member.

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



Notary Public
My commission expires _____

Marci LaDage
Notary Public
My Commission
Expires on 4/23/2010
State of New Jersey

Instrument Book Page
200900011541 OR 2323 1566

The address of the above-named Grantee is:
C/O MIDDLESEX WATER COMPANY
1500 RONSON ROAD
P.O. BOX 1500
ISELIN, NEW JERSEY 08850



On behalf of the Grantee
Richard M. Risoldi, President

File No. **BT-56730**

Record and return to:
Brokers Abstract and Search Company
245 Jacksonville Road
Ivyland, Pa 18974

200900011541
Filed for Record in
PIKE COUNTY, PA
SHARON SCHROEDER
11-09-2009 At 01:53 pm.
DEED 745.50
OR Book 2323 Page 1562 - 1566

200900011541
Exempt Status - N
STATE RE \$ 350.00
LOCAL RE \$ 350.00
\$ 175.00 SHONDLA TWP
\$ 175.00 DELAWARE VALLEY SCHOOL DISTRICT

I hereby CERTIFY that this document is
recorded in the Recorder's Office of
Pike County, Pennsylvania.



Sharon Schroeder
Sharon Schroeder,
Recorder of Deeds

File No. BT-56730

Instrument 200900011542 OR Book Page 2323 1567

Mortgage Satisfaction Piece

KNOW ALL MEN BY THESE PRESENTS that SUSAN ROGERS does hereby certify to have received payment of the full amount due on the Mortgage secured upon the premises, SITUATE at 21-0-078.02-02-11.001, Pike County.

MORTGAGOR: TWIN LAKES WATER SERVICES, LLC, a New Jersey Limited Liability Company

MORTGAGEE: SUSAN ROGERS

MORTGAGE DATED: 06/30/2006

AMOUNT \$75,000.00

RECORDED 11/01/2006 IN MORTGAGE BOOK 2202 PAGE 1846. Township of Shohola

This Mortgage has not been assigned, except as follows, N/A and that upon the recordation of this Indenture the said Mortgage shall be and is hereby forever discharged.

Mortgaged Premises:

21-0-078.02-02-11.001,

Shohola Township

IN WITNESS WHEREOF, the said Mortgagee has hereunto set (his/her/its) hand and seal. Dated the 17 day of Sept, 2009.

Susan Rogers
SUSAN ROGERS

2308 River Rd., Ft. Pleasant NJ 08742

ADDRESS OF MORTGAGEE OR ASSIGNEE

State of NEW JERSEY
County of Ocean

AND NOW, this 17 day of Sept, 2009, before me, the undersigned Notary Public appeared the above named Susan Rogers and acknowledged the above release to be her act and deed, and desired the same to be recorded as such.

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

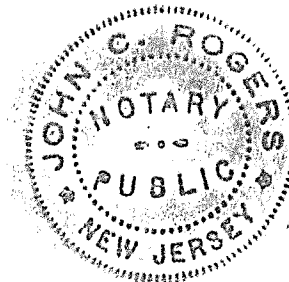
My Commission Expires: 1/30/2014

JCR
NOTARY PUBLIC

After recording return to:
Brokers Abstract and Search Company
245 Jacksonville Road
Ivyland, PA 18974

Return to:
BROKERS ABSTRACT & SEARCH CO. INC
245 JACKSONVILLE ROAD
IVYLAND, PA 18974
215-674-8600

JOHN C ROGERS
NOTARY PUBLIC / NEW JERSEY
COMMISSION EXPIRES 1/30/2014



Instrument Book Page
200900011542 DR 2323 1568

200900011542
Filed for Record in
PIKE COUNTY, PA
SHARON SCHROEDER
11-09-2009 At 01:53 pm.
SATISFACT 33.50
DR Book 2323 Page 1567 - 1568

I hereby CERTIFY that this document is
recorded in the Recorder's Office of
Pike County, Pennsylvania.



Sharon Schroeder
Sharon Schroeder,
Recorder of Deeds

Form No. 1402.06
ALTA Owner's Policy (6-17-06)
1100302P120600
(As Modified by TIRBOP)



N^o106258733 PAO

OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police

power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this policy, but only to the extent provided in the Conditions.

First American Title Insurance Company

Carl B. Johnson

Christy H. Hays

Nellie H. Hays



*First American
Title Insurance Company*

Name and Address of Title Insurance Company: **First American Title Insurance Company, 1 First American Way,
Santa Ana, CA 92707**

SCHEDULE A

File No. **BT-56730**

Policy No. **106258733**

Amount of Insurance: **\$35,000.00**

Date of Policy: **November 9, 2009 at 1:53 pm**

1. Name of Insured:

TWIN LAKES UTILITIES, INC.

2. The estate or interest in the Land that is covered by this policy is:

FEE SIMPLE

3. Title is vested in:

TWIN LAKES UTILITIES, INC. by virtue of a deed from TWIN LAKES WATER SERVICES, LLC, a New Jersey Limited Liability Company, dated November 3, 2009, and recorded November 9, 2009 at 1:53 pm in the Office of the Recorder of Deeds for the County of Pike, in Book 2323, at Page 1562.

4. The Land referred to in this policy is described as follows:

For informational purposes only:

**21-0-078.02-02-11.001,
Shohola Township
County of Pike**

SEE CONTINUATION OF SCHEDULE A FOR LEGAL DESCRIPTION



*First American
Title Insurance Company*

File No. **BT-56730**

Policy No. **106258733**

**OWNER'S POLICY
SCHEDULE A**
(continued)

LEGAL DESCRIPTION

ALL THAT CERTAIN lot, parcel and piece of land, situate in the Township of Shohola, County of Pike and State of Pennsylvania, more particularly described as follows, to wit:

BEGINNING at a point in the center of Sagamore Road, said point being the extension of the Easterly line of Lot 1 Block 1; thence (1) leaving said road and along the Easterly said line of Lot 1 Block 1 revised, State 1, as shown and laid out on a map entitled "Plan of Lots, Sagamore Estates, State 1 revised, Block 1, Block 2 and Block 3, Shohola Township, Pike County, Penna.", Scale 1"=100 feet, filed December 1967, in Plat Book 6, at page 120 and again filed in Plat Book 6, at page 196, North 17 degrees 16 minutes, East 148.99 feet to a point, said point being the Northeasterly corner of said Lot 1; thence (2) North 24 degrees, 04 minutes, East 150 feet more or less to an iron pipe; thence (3) South 62 degrees, 11 minutes, East 320 feet more or less to a point where the Northerly line of Tee Pee Drive intersects the Northerly line of the whole tract of which this is a part; thence (4) in a Southwesterly direction 20 feet more or less to a point at the center of Tee Pee Drive; thence (5) in a Westerly direction along the center of said Tee Pee Drive the various courses to a point at the center line intersection of said Tee Pee Drive with Sagamore Road; thence (6) along the center of said Sagamore Road, North 70 degrees, 22 minutes, West 145.00 feet to the point and place of beginning.

TOGETHER with a water distribution system including, but not limited to those facilities, lines, pipes, conduits, valves and accessories shown, detailed and laid out on a map or drawing incorporated herein by referenced, prepared and made by Edward C. Hess Associates, Inc., Consulting Engineers and Surveyors, Stroudsburg, PA, dated August 27, 1976, Scale 1"=200 feet. Said map or drawing embraces the several maps filed in the Office of the Recorder of Deeds, including Section 1, Section 2 and the several Stage maps heretofore filed by Sagamore Estates, Inc. and Deabel Inc., and is embraced or contained within the boundaries of the tax assessment maps of the Township of Shohola, County of Pike, more particularly, Map #78.02 and Map #78.04.

TOGETHER with the right, privilege and authority to construct, reconstruct, operate and maintain aerial and/or underground lines, equipment and appurtenant facilities as said Grantee may deem necessary and proper for the operation of water transmission and distribution systems and communication systems or utility services which the Grantee may be authorized to provide now or in the future, upon, over, across, under and along the private roads, streets or highways, including the service extensions of these lines to individual lots as may be from time to time necessary, including the right of ingress and egress to and from the said lines and service extensions at all times for any of the aforesaid purposes; and also the right to trim or cut trees and other obstructions within ten feet from either side of said water, electric or communication lines which in the judgment of the Grantee may at anytime interfere with the construction, reconstruction, maintenance or operation of the said water, electric or communication lines or menace the same and in connection therewith the right to remove, if necessary, the root systems of said trees, brush or other undergrowth and to treat said brush or undergrowth with non-toxic chemicals for their removal and/or control.



*First American
Title Insurance Company*

File No. BT-56730

Policy No. 106258733

**OWNER'S POLICY
SCHEDULE A**
(continued)

TOGETHER with and including nonetheless, the right and privilege of laying under, over and along the public or private passageways or roadways as set forth on the aforesaid maps or lots, at any time, pipes, drainage pipes, conduits, sewers, electric lines, telephone and gas lines; with further right and privilege to trim and cut any trees that may overhand on said private passageways or roadways and interfere with or menace with aforesaid lines without obtaining permission.

TOGETHER with unto the Grantee, its successors and assigns, in common, however, with the Grantor, its successors and assigns, the right of ingress, egress and regress in, over and upon and through any and all of the private roadways situate upon the premises of the Grantor. Also, together with unto the Grantee, its successors and assigns, in common with the Grantor, its successors and assigns, the right to use the private roadways as shown on recorded Plats hereinbefore referred to, contained within that subdivision commonly known as Sagamore Estate, Pike County, together with such other rights-of-way over other lands of the Grantor, its successors and assigns, as the Grantor, its successors and assigns, may designate from time to time for the purpose of ingress, egress and regress to and from Legislative Route 51008 or United States Route #6. The granting of this right by the Grantor to the Grantees does not constitute a dedication of such private roadways to the public.

THE Grantee shall be under no duty or obligation of any kind whatsoever to join Sagamore Estates Maintenance, Inc., or any other community or property owner association and shall be under no duty or obligation to pay or contribute to any maintenance fees, assessments, dues or fees of any kind or nature whatsoever for the upkeep, maintenance or capital improvement to any road, way, lane, drive, street or access nor any amenity within Sagamore Estates and the Grantor specifically exempts the parcel of land conveyed herein from the date of this instrument to the end of the world.

TOGETHER with all and singular the land, improvements, ways, waters, watercourses, rights, liberties, privileges, hereditaments and appurtenances whatsoever thereunto belonging or in anywise appertaining, and the reversions and remainders, rents, issues and profits thereof; and all the estate, right, title interest, property, claim and demand whatsoever of the said original Grantor, in law, equity or otherwise howsoever, in and the same and every part thereof.

THE premises herein described, the roads, ways, lanes, streets and accesses are contained within the lands described in a certain deed dated March 2, 1965, between Camp Sagamore Inc. and Sagamore Estates, Inc. Corporations, Grantors, unto Deabel, Inc., Grantee, recorded in the Office of the Prothonotary for the County of Pike in Deed Book 191 page 299.

CERTAIN water lines extend through and beneath lots within Sate 1 revised, Blocks 1, 2 and 3 and particularly extending through and beneath Lot 8 and Lot 11 in Block 2, Stage 1, together with a structure, an original well housing facility servicing Sagamore Estates wherein the Grantor herein has rights by way of easement and proprietary interest. The Grantor's rights above enumerated, together with the right to enter, construct, reconstruct said facilities are hereby granted and conveyed to the Grantee named herein, its successors and assigns,

BEING THE SAME PREMISES which TWIN LAKES WATER COMPANY, INC., a Pennsylvania Corporation by Indenture bearing the date of June 30, 2006 and recorded in the Office of the



*First American
Title Insurance Company*

File No. **BT-56730**

Policy No. **106258733**

**OWNER'S POLICY
SCHEDULE A**
(continued)

Recorder of Deeds, in and for the County of Pike, COMMONWEALTH OF PENNSYLVANIA on November 1, 2006 in Book 2202 Page 1839 granted and conveyed unto TWIN LAKES WATER SERVICES, LLC, a New Jersey Limited Liability Company, in fee.



*First American
Title Insurance Company*

File No. **BT-56730**

Policy No. **106258733**

**SCHEDULE B
EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees or expenses that arise by reason of:

1. Any variation in location of lines or dimensions or other matters which an accurate survey would disclose.
2. Easements, or claims of easements, not shown by the Public Records.
3. Rights or claims of parties in possession or under the terms of any unrecorded lease or agreement of sale.
4. Possible additional tax assessments for new construction and/or major improvements.
5. Any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
6. Accuracy of area content not insured.
7. Deed of Easement by Drabel, Inc. and Chris R. Arnold, Sr. and Catherine A. Arnold, his wife dated 06/14/1998 and recorded 06/14/1998 in Record Book 1245 page 97.
8. Rights granted to Pennsylvania Power and Light Company dated 11/02/1966 and recorded 12/12/1966 in Record Book 204 page 232.
9. Conditions, easements, etc. as contained in Record Books 1312 page 251 and 2202 page 1839.
10. Title to that portion of the premises within the beds of Sagamore Road and Tee Pee Drive are subject to public and private rights therein.

APPENDIX C

TWIN LAKES
UTILITIES, INC.

A Middlesex Water Company Affiliate

RECEIVED

2009 NOV 18 AM 9:37

PA P.U.C.
SECRETARY'S BUREAU

November 16, 2009

Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Mr. James J. McNulty, Secretary
PO Box 3265
Harrisburg, PA 17105-3265


Re: **Notice of Adoption of the Twin Lakes Water Service Tariff by Twin Lakes Utility, Inc.**

Dear Secretary McNulty:

Attached please find an original and three (3) copies of the Pennsylvania Public Utility Commission Adoption Supplements notating the adoption of the PA P.U.C. No. 3 Tariff; the tariff that is presently in effect for Twin Lakes Water Services, LLC.

Should you have any questions, please feel free to call me.

Very truly yours,



Richard M. Risoldi
President

Enclosures

Pennsylvania Public Utility Commission Adoption Supplements

Twin Lakes Water Services, LLC (Seller) Tariff – Water - PA. P.U.C. No.3

Twin Lakes Utilities, Inc. (Buyer) Tariff – Water - PA. P.U.C. No.3

Twin Lakes, Inc, hereby adopts as its Tariff Water- Pa. P.U.C. No. 3 that tariff presently in effect for Twin Lakes Water Services, LLC designated as Tariff Water - Pa. P.U.C. No.3 and all Supplements thereto.

Twin Lakes Utilities, Inc.

By: *W. McAll*
(Name of Officer)
President
(Title)

Twin Lakes Water Services, LLC hereby withdraws its Tariff - Water - Pa. P.U.C. No. 3 and all Supplements thereto.

Twin Lakes Water Services, LLC

By: _____
(Name of Officer)

(Title)

RECEIVED

2009 NOV 18 AM 9:38

PA P.U.C.
SECRETARY'S BUREAU

ISSUED: November 3, 2009

EFFECTIVE: November 3, 2009

APPENDIX D

original - Corp. Secy
CC: ABE

Unsecured Revolving Promissory Note
Due on Demand

Borrower: Twin Lakes Utilities, Inc.

1500 Ronson Road

Iselin, NJ 08830

("Borrower")

Lender: Middlesex Water Company

1500 Ronson Road

Iselin, NJ 08830

("Lender")

I. Revolving Loan

Lender agrees to make available to the Borrower cash funds under a revolving loan ("Revolver") facility with a maximum advance of \$1,000,000. The Revolver allows Borrower to drawdown, repay and re-draw loans advanced to it. Lender is agreeable to satisfy vendor and trade payables on behalf of the Borrower, which shall be deemed to be a Revolver drawdown. In consideration of these flexibilities, Borrower agrees to an annual interest rate of 7.0% on any and all outstanding loans under the Revolver.

II. Promise to Pay Upon Demand

Borrower agrees to pay Lender the total amount due upon demand, together with interest payable on the unpaid principal at the rate of 7.0% per annum. Payment will be delivered to Lender in a form and manner mutually agreeable to both parties.

III. Additional Costs

In case of default in the payment of any principal or interest of this Revolving Promissory Note, Borrower will pay to Lender such further amount as will be sufficient to cover the cost and expenses of collection, including, without limitation, reasonable attorney's fees, expenses, and disbursements. These costs will be added to the outstanding principal and will become immediately due.

IV. Transfer of the Revolving Promissory Note

Borrower hereby waives any notice of the transfer of this Revolving Promissory Note by Lender or by any subsequent holder of this Revolving Promissory Note, agrees to remain bound by the terms of this Revolving Promissory Note subsequent to any transfer, and agrees that the terms of this Revolving Promissory Note may be fully enforced by any subsequent holder of this Revolving Promissory Note.

V. Amendment; Modification; Waiver

No amendment, modification or waiver of any provision of this Revolving Promissory Note or consent to departure therefrom shall be effective unless by written agreement signed by both Borrower and Lender.

VI. Successors

The terms and conditions of this Revolving Promissory Note shall inure to the benefit of and be binding jointly and severally upon the successors, assigns, heirs, survivors and personal representatives of Borrower and shall inure to the benefit of any holder, its legal representatives, successors and assigns.

VII. Termination of Revolving Promissory Note

Lender has the absolute and exclusive right to terminate the Revolver at any time with no prior notice to the Borrower.

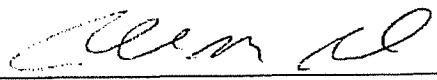
VIII. Breach of Promissory Note

No breach of any provision of this Revolving Promissory Note shall be deemed waived unless it is waived in writing. No course of dealing and no delay on the part of Lender in exercising any right will operate as a waiver thereof or otherwise prejudice Lender's rights, powers, or remedies. No right, power, or remedy conferred by this Revolving Promissory Note upon Lender will be exclusive of any other rights, power, or remedy referred to in this Revolving Promissory Note, or now or hereafter available at law, in equity, by statute, or otherwise.


IX. Governing Law

The validity, construction and performance of this Revolving Promissory Note will be governed by the laws of New Jersey, excluding that body of law pertaining to conflicts of law. Borrower hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this agreement in its entirety.

Borrower Signature: 

Richard M. Risoldi, President
Twin Lakes Utilities, Inc.

Lender Signature: 

A. Bruce O'Connor, Vice President and CFO
Middlesex Water Company

Second Unsecured Revolving Promissory Note

Due on Demand

Borrower: Twin Lakes Utilities, Inc.

485C Route One South, Suite 400

Iselin, NJ 08830

("Borrower")

Lender: Middlesex Water Company

485C Route One South, Suite 400

Iselin, NJ 08830

("Lender")

I. Revolving Loan

Lender agrees to make available to the Borrower cash funds under a revolving loan ("Revolver") facility with a maximum advance of \$1,165,486. The Revolver allows Borrower to drawdown, repay and re-draw loans advanced to it. Lender is agreeable to satisfy vendor and trade payables on behalf of the Borrower, which shall be deemed to be a Revolver drawdown. In consideration of these flexibilities, Borrower agrees to an annual interest rate of 7.0% on any and all outstanding loans under the Revolver.

II. Promise to Pay Upon Demand

Borrower agrees to pay Lender the total amount due upon demand, together with interest payable on the unpaid principal at the rate of 7.0% per annum. Payment will be delivered to Lender in a form and manner mutually agreeable to both parties.

III. Additional Costs

In case of default in the payment of any principal or interest of this Revolving Promissory Note, Borrower will pay to Lender such further amount as will be sufficient to cover the cost and expenses of collection, including, without limitation, reasonable attorney's fees, expenses, and disbursements. These costs will be added to the outstanding principal and will become immediately due.

IV. Transfer of the Revolving Promissory Note

Borrower hereby waives any notice of the transfer of this Revolving Promissory Note by Lender or by any subsequent holder of this Revolving Promissory Note, agrees to remain bound by the terms of this Revolving Promissory Note subsequent to any transfer, and agrees that the terms of this Revolving Promissory Note may be fully enforced by any subsequent holder of this Revolving Promissory Note.

V. Amendment; Modification; Waiver

No amendment, modification or waiver of any provision of this Revolving Promissory Note or consent to departure therefrom shall be effective unless by written agreement signed by both Borrower and Lender.

VI. Successors

The terms and conditions of this Revolving Promissory Note shall inure to the benefit of and be binding jointly and severally upon the successors, assigns, heirs, survivors and personal representatives of Borrower and shall inure to the benefit of any holder, its legal representatives, successors and assigns.

VII. Termination of Revolving Promissory Note

Lender has the absolute and exclusive right to terminate the Revolver at any time with no prior notice to the Borrower.

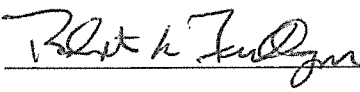
VIII. Breach of Promissory Note

No breach of any provision of this Revolving Promissory Note shall be deemed waived unless it is waived in writing. No course of dealing and no delay on the part of Lender in exercising any right will operate as a waiver thereof or otherwise prejudice Lender's rights, powers, or remedies. No right, power, or remedy conferred by this Revolving Promissory Note upon Lender will be exclusive of any other rights, power, or remedy referred to in this Revolving Promissory Note, or now or hereafter available at law, in equity, by statute, or otherwise.

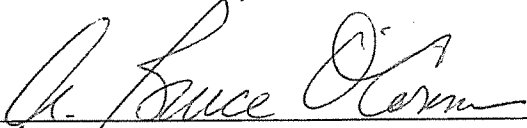
IX. Governing Law

The validity, construction and performance of this Revolving Promissory Note will be governed by the laws of New Jersey, excluding that body of law pertaining to conflicts of law. Borrower hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this agreement in its entirety.

Borrower Signature:  _____

Robert K. Fullagar, President
Twin Lakes Utilities, Inc.

Lender Signature:  _____

A. Bruce O'Connor, Senior Vice President, Treasurer and
Chief Financial Officer
Middlesex Water Company

Dated: October 18, 2019

Third Unsecured Revolving Promissory Note
Due on Demand

Borrower: Twin Lakes Utilities, Inc.

485C Route One South, Suite 400

Iselin, NJ 08830

("Borrower")

Lender: Middlesex Water Company

485C Route One South, Suite 400

Iselin, NJ 08830

("Lender")

Whereas, prior to this Third Unsecured Revolving Promissory Note ("Promissory Note No. 3"), Lender and Borrower entered into two similar debt instruments identified as the Unsecured Revolving Promissory Note in principal amount of \$1,000,000 ("Promissory Note No. 1") and the Second Unsecured Revolving Promissory Note in principal amount of \$1,165,486 ("Promissory Note No. 2");

Whereas, Borrower acknowledges that the cumulative principal amount of \$2,165,486 for Promissory Notes No. 1 and No. 2 was drawn down by Borrower and remains outstanding as of the date of Promissory Note No. 3. Interest is charged at 7.0% per annum on the Promissory Notes No. 1 and No. 2 outstanding balances; and

Whereas, Borrower desires to enter into an additional debt instrument (Promissory Note No. 3) with Lender, and therefore the following terms have been agreed to:

I. Revolving Loan

Lender agrees to make available to the Borrower cash funds under a revolving loan ("Revolver") facility with a maximum advance of \$500,000. The Revolver allows

Borrower to drawdown, repay and re-draw loans advanced to it. Lender is agreeable to satisfy vendor and trade payables on behalf of the Borrower, which shall be deemed to be a Revolver drawdown. In consideration of these flexibilities, Borrower agrees to an annual interest rate of 7.0% on any and all outstanding loans under the Revolver.

II. Promise to Pay Upon Demand

Borrower agrees to pay Lender the total amount due upon demand, together with interest payable on the unpaid principal at the rate of 7.0% per annum. Payment will be delivered to Lender in a form and manner mutually agreeable to both parties.

III. Additional Costs

In case of default in the payment of any principal or interest of this Revolving Promissory Note, Borrower will pay to Lender such further amount as will be sufficient to cover the cost and expenses of collection, including, without limitation, reasonable attorney's fees, expenses, and disbursements. These costs will be added to the outstanding principal and will become immediately due.

IV. Transfer of the Revolving Promissory Note

Borrower hereby waives any notice of the transfer of this Revolving Promissory Note by Lender or by any subsequent holder of this Revolving Promissory Note, agrees to remain bound by the terms of this Revolving Promissory Note subsequent to any transfer, and agrees that the terms of this Revolving Promissory Note may be fully enforced by any subsequent holder of this Revolving Promissory Note.

V. Amendment; Modification; Waiver

No amendment, modification or waiver of any provision of this Revolving Promissory Note or consent to departure therefrom shall be effective unless by written agreement signed by both Borrower and Lender.

VI. Successors

The terms and conditions of this Revolving Promissory Note shall inure to the benefit of and be binding jointly and severally upon the successors, assigns, heirs, survivors and personal representatives of Borrower and shall inure to the benefit of any holder, its legal representatives, successors and assigns.

VII. Termination of Revolving Promissory Note

Lender has the absolute and exclusive right to terminate the Revolver at any time with no prior notice to the Borrower.

VIII. Breach of Promissory Note

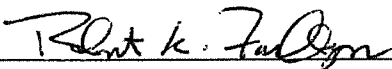
No breach of any provision of this Revolving Promissory Note shall be deemed waived unless it is waived in writing. No course of dealing and no delay on the part of Lender in exercising any right will operate as a waiver thereof or otherwise prejudice Lender's rights, powers, or remedies. No right, power, or remedy conferred by this Revolving Promissory Note upon Lender will be exclusive of any other rights, power, or remedy referred to in this Revolving Promissory Note, or now or hereafter available at law, in equity, by statute, or otherwise.

IX. Governing Law

The validity, construction and performance of this Revolving Promissory Note will be governed by the laws of New Jersey, excluding that body of law pertaining to conflicts of law. Borrower hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this agreement in its entirety.

Borrower Signature:



Robert K. Fullagar, President
Twin Lakes Utilities, Inc.

Lender Signature:



A. Bruce O'Connor, Senior Vice President, Treasurer and
Chief Financial Officer
Middlesex Water Company

Dated: October 29, 2019

APPENDIX E

SERVICE AGREEMENT

This Service Agreement (the "Service Agreement") made as of the 1st day of December, 2009 between MIDDLESEX WATER COMPANY, a public utility and corporation organized under the laws of the State of New Jersey, with offices at 1500 Ronson Road, Iselin, New Jersey 08830 ("Middlesex") and Twin Lakes Utilities, Inc., a corporation organized under the laws of Commonwealth of Pennsylvania with offices at 1500 Ronson Road, Iselin, New Jersey 08830 ("Twin Lakes").

The background of this Service Agreement is that:

A. Both Middlesex and Twin Lakes have been organized as public utilities of the States of New Jersey and Pennsylvania, respectively.

B. It has been determined by the Managements of Middlesex and Twin Lakes that the most effective and economical method of providing and obtaining certain services and materials to and for Twin Lakes and Middlesex is for Twin Lakes and Middlesex each to utilize, to the extent appropriate and practicable, the facilities, services, materials and expertise of management, supervisory, clerical and technical personnel provided by the other.

NOW THEREFORE in consideration of the premises and the mutual covenants and conditions contained herein and other good and valuable consideration, the parties agree as follows:

1. DURATION OF SERVICE AGREEMENT:

The services to be rendered hereunder shall commence on the Effective Date hereof and this Service Agreement shall continue in full force and effect until terminated by either of the parties hereto, giving the other party hereto 90 days notice in writing.

2. SERVICES:

Middlesex and Twin Lakes each agree to provide to the other certain facilities and services and the expertise of their personnel, and certain other services and materials as set forth herein, and each of the parties agrees to utilize and pay for same as set forth herein.

3. PERSONNEL AND SERVICES TO BE PROVIDED:

During the term of this Service Agreement and upon the terms and conditions set forth herein, Middlesex shall provide for Twin Lakes and, at times, Twin Lakes shall provide for Middlesex, the services of their respective officers and employees including management, supervisory, technical and clerical personnel for services which shall include, but not be limited to the following: Accounting, Administration, Communications, Corporate, Secretarial, Engineering, Financial, Human Resources, Information Systems, Operations, Rates and Revenue, Risk Management and Water Quality, together with such other services as Middlesex and Twin Lakes may agree; provided, however, that Middlesex and Twin Lakes may perform any such services with its own personnel or, by mutual consent, engage another company or person to provide such services on its behalf.

4. PAYMENT FOR SERVICES:

A. Allocation of salaries and hourly wages of employees who render service by Middlesex for Twin Lakes, or by Twin Lakes for Middlesex, shall be determined based on their actual time spent as reflected in daily time sheets or other mutually acceptable means of determination. The salaries and hourly wages shall be such actual salaries and wages as are in effect from time to time. Salaries shall be pro-rated to an hourly basis by dividing the annual salary by the hours worked by the employee in the immediately preceding calendar year. The amount of payment required to be made shall be determined by adding an overhead factor to the salaries and wages of the employees performing the services. This overhead factor is intended to reflect benefits and overhead costs such as support personnel, depreciation, insurance, utilities, lease payments and other costs associated with building space and equipment, not otherwise charged as an expense. This overhead factor shall be reviewed and revised from time to time.

B. All expenses of Middlesex or Twin Lakes incurred in connection with services rendered by it to the other, including facilities, materials, supplies and expenses, shall be based upon actual costs incurred and shall be charged directly by Middlesex or Twin Lakes to the other.

C. This method of allocation and payment of costs will be reviewed, and may be altered, from time to time, based on actual experience.

5. BILLING AND PAYMENT:

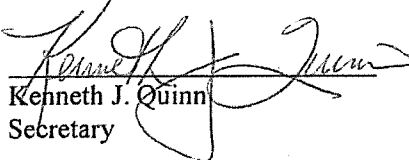
The Middlesex Accounting Department shall record all costs, determined and identified in accordance with the methods in Section 4 above, to the appropriate Company accounts. Upon request, Middlesex and Twin Lakes shall provide monthly journal entries and other supporting documentation to each other reflecting services provided and expenses incurred as defined in Sections 3 and 4 above. Such documentation shall be in sufficient detail to show separately the charge for each class of service rendered. Payments according to such statements shall be made within 30 days of receipt of such statements.

6. MISCELLANEOUS:


All covenants and agreements herein by or on behalf of Middlesex or Twin Lakes shall bind their respective successors and assigns whether expressed or not.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be
duly executed as of the date first written above.

ATTEST:


Kenneth J. Quinn
Secretary

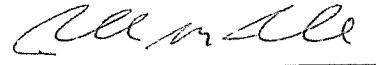
MIDDLESEX WATER COMPANY

By: 
A. Bruce O'Connor
Vice President

ATTEST:


Kenneth J. Quinn
Secretary

TWIN LAKES UTILITIES, Inc.

By: 
Richard M. Risoldi
President

(KJQ – Twin Lakes-MWC Service Agreement)

APPENDIX F

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

PENNVEST APPLICATION FORMS

DESCRIPTION

Project Name: Twin Lakes Utilities System Upgrade	
Project ID: 52036021907-CW	Type: Drinking Water
Sub Type: System	Status: Submitted
Stage: Construction	
Filing Date: 7/18/2019	Population Served: 285
Amount Requested: \$4,964,600.00	Total Cost: \$4,964,600.00
What is the estimated number of construction-related jobs created through this project?	10
What is the number of these jobs that expect to employ Pennsylvania Residents?	10

Service Area:

The System serves approximately 115 residential customers in the Sagamore Estates Development in Shohola Township, Pike County, PA.

The Project is located in Shohola and Milford Townships, Pike County, PA and will serve the entire Service Area.

Problems:

The Twin Lakes Utilities, Inc. (TLU) Twin Lakes Utilities System Upgrade Project (Project) is being completed to address chronic water outages, eliminate significant water main leaks and reduce unaccounted for water, provide adequate volume of water storage, increase reliability of sources and during power outages, improve customer metering, improve regulatory compliance, improve finished water quality, and improve communications and security. The water system currently has two (2) production wells, a primary well (PW#2) and a reserve well (PW#1), which share the same groundwater aquifer. Capacity of the reserve well is reduced due to a collapsed borehole from over-pumping. With the reduction in capacity of PW#1, PW#2 is continuously pumped, further stressing the local aquifer. The existing wells are in close proximity to each other and it appears the continuous operation of PW#2 has resulted in further collapse of PW#1 and the lowering of groundwater in both wells. Usage out of the wells is greater than intended due to the excessive amount of leakage in the distribution system. The chronic over-pumping has the potential to cause the continued collapse of PW#1 and the collapse and failure of PW#2 which would result in the community of approximately 300 +/- residents having no potable water for an extended duration.

In addition to the deteriorating and unreliable source of supply, high unaccounted-for water loss, water main breaks, and other water system facilities are also an issue. The excessive number of leaks existed prior to system acquisition by TLU and are a result of a variety of factors, including but not limited to: poor original installation practices, poor quality of

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

original pipe material, lack of maintenance and sub-standard repair practices. The existing 20,000 gallon in-ground water storage tank is aging and in need of repair and rehabilitation due to corrosion. In addition, the storage volume is currently insufficient to supply the community with water on an average day, especially while considering volume lost to leaks within the distribution system. The system also lacks emergency power for the well and distribution pumps. System monitoring and security are also limited and are in need of upgrades.

Documentation of the problems and additional benefits of the Project are provided below.

The following summary of Project Benefits subheadings correspond to the April 22, 2014 PADEP Attachment 1, Drinking Water State Revolving Loan Fund Intended Use Plan Ranking Framework for PENNVEST Drinking Water Projects.

PUBLIC HEALTH (25 of 30 Point Category: Chronic Water Outage & Leaking Waterlines):

While since installation, the existing well systems have maintained compliance meeting treatment standards despite becoming severely degraded from over pumping and partial collapse, a single well providing the source water results in a high risk to the community in the event of PW#2 failure or groundwater source contamination. On June 20, 2018, the well pump failed and was replaced, resulting in a water outage to 100% of the system for 30 hours. In the event of a power outage or failure of PW#2, the lack of operational redundancy in the existing system would result in another chronic water outage. If PW#2 needs to be turned off for any reason, 100% of services would be impacted for the duration of the shutdown period after the stored volume is exhausted (approximately half a day). In addition to the June 2018 extended outage, there have been ten (10) system-wide outages averaging 4 hours each in the past two (2) years. There were also eleven (11) partial system outages averaging 5 hours each during the same timeframe. A table documenting the date, location, number of customers affected, cause, and outage duration is uploaded to the Additional Documentation Section of the Application.

The high water main leakage rate in the distribution system also poses a public health risk and falls into this ranking category. Leaking water mains, if resulting in a negative or loss of pressure situation, can pose a risk of cross contamination, thus potentially reducing water quality delivered to customers. There are a significant number of water leaks due to poor original installation practices, poor quality of original pipe material, lack of maintenance, and sub-standard repair practices, as evidenced by the history of repairs and fifteen (15) break repairs and/or replacements required in the past two years. The leaking water mains is also evidenced by the high unaccounted-for-water (UAFW) experienced in the system – ranging from 79% to 87% between 2016 and the first two quarters of 2019 as shown on the UAFW table uploaded to the Additional Documentation Section of the Application. Boil water notices are distributed to customers when breaks occur; however, to hold the consumer responsible to adequately and often treat the water is an additional risk to customer health. In 2018, five (5) boil water notices were issued.

COMPLIANCE (10 of 30 Point Category: Will Address Non-Compliance in which No Order is Issued):

With the reserve well mostly collapsed due to over pumping, a single production well, PW#2, is currently providing the source of water for the entire community with no alternative sources of supply. Pennsylvania Department of Environmental Protection (PADEP) indicates that each system should maintain more than one source of supply according to the PADEP Public Water Supply Manual and, in the event in which water outages occurred in two (2) or more consecutive years, investigate and develop additional

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

sources (PA Code Chapter 109.603(d)). Therefore, the Project is necessary to assure that safe and potable water is continuously supplied.

In addition to the water supply redundancy requirements, PADEP requires sufficient storage capacity based on daily system demand. PA Code Chapter 109.609(a) states: "A new community water system shall be designed to provide an adequate supply of finished water during periods of peak demand. To assure continued service in the event of source contamination or outage, the design shall provide a minimum of 1 day of reserve capacity based on average daily demand or usage. Reserve capacity may be provided through finished water storage."

The TLU System's 20,000 gallons of storage is not adequate to provide for 1 day of average daily demand based on the current demand conditions of approximately 43,000 gpd. A significant reduction in demand is anticipated after replacement of the distribution system mains.

COMMUNITY HEALTH (5-8 of 15 Point Category)

Consolidation (3 Points)

The Project implementation will result in increased available source water, provide water conservation through the replacement of leaking water mains and improve TLU's ability to operate and maintain the facility and increase reliability of water service.

Green Infrastructure (2-5 points)

The Project will include installation of all new residential meters located near the property line to more accurately track water usage. Customers are currently metered near the home, such that leaks in the majority of service lines go unmetered. The Project also includes approximately 27,100 linear feet of new 2-inch, 3-inch, and 4-inch High Density Polyethylene (HDPE) and ductile iron (DI) water main to replace existing distribution mains and connect a new well to the system. The current system experiences approximately 85% UAFW; therefore, the Project will provide significant water savings compared to the existing system. The Project also saves energy through the use of variable frequency drive (VFD) motor for varied flow outputs.

SOURCE WATER PROTECTION:

The System does not have a DEP-Approved SWPP.

INFRASTRUCTURE HEALTH (15 of 25 Point Category):

Drinking Water System Adequacy:

The following system issues fall into this category: greater than 40% UAFW, storage in poor condition, lack of reliable emergency power, less than one (1) day (based on current usage) of storage available, as well as other infrastructure upgrades. As discussed previously, UAFW of 85% is greater than 40%, the storage tank is corroding and its capacity of 20,000 gallons is not adequate to meet one (1) day of average daily demand (approximately 43,000 gpd) based on the current system condition.

Other infrastructure upgrades include upgrades to systems required to support WTP operations including electrical, mechanical, and structural systems which are also showing age, reduced reliability, limited availability of spare parts, and need for repair.

Communication and security will also be improved through the installation of new telemetry for communication and data collection between facilities and security improvements would allow for a more reliable supply of water to TLU customers.

INFRASTRUCTURE HEALTH (Proactive Infrastructure Management (To be determined by PADEP):

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

ECONOMIC DEVELOPMENT – The system consists of all residential customers.

COMPREHENSIVE PLANNING – Land Use letters were sent to planning agencies of both municipalities (Shohola and Milford Townships) and the county (Pike County) in which the Project is located. Responses indicating that the Project is in compliance with land use regulations were received from all three (3) planning agencies and are uploaded to this Application. A letter was also sent to Pike County Agricultural Land Preservation Board and an approval response received. These letters are uploaded to the Application.

Description:

The Project includes a new well house, equipped with metering, chemical treatment equipment (disinfection), a new emergency generator, I&C controls, security, telemetry, site fencing, and access road at the site of PW#3. There will be approximately 8,700 linear feet of new 3-inch and 4-inch High Density Polyethylene (HDPE) transmission line installed from the PW#3 well house to connect to a new 20,000-gallon storage tank located at the existing well field parcel on the north end of the service area. The existing well site facilities will be rehabilitated to include a new emergency generator, telemetry, I&C control, security improvements, and site fencing. An additional 4,000 linear feet of 4-inch HDPE main and 12,000 linear feet of 2-inch HDPE mains will be installed to replace existing mains servicing approximately 115 house connections within Sagamore Estates. A new meter and meter pit will be installed at each house connection. Following successful start-up of PW#3 and associated facilities, Twin Lakes plans to perform a thorough inspection of PW#2 to assess its condition. Based on the results of this assessment, PW#2 will be rehabilitated accordingly. This rehabilitation is not anticipated to involve any modifications to the well configuration, depth or casing. The existing 20,000-gallon storage tank will also be inspected and depending on assessment results, rehabilitated accordingly. PW#1 will be abandoned as part of the Project. This Project will address chronic water outages, eliminate significant water main leaks and reduce unaccounted for water, provide adequate volume of water storage, increase reliability of sources and during power outages, provide improved customer metering, improve regulatory compliance, improve finished water quality, and improve communications and security.

Other(s) Funding Sources:

Source Type	Source Name	Source Amount
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PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

System:	
Does the Applicant own the System?	YES
Does the Applicant operate the System?	YES
Does the Applicant Maintain the System?	YES
Does the Applicant Construct the System?	YES
Does this project include costs associated with the purchase of system capacity from another entity?	NO
Does this project include costs associated with the construction of capacity in your system for use and/or purchase by other entity (ies)?	NO
Is, or does the Applicant intend to be, a party to any inter-municipal agreements which affect this project or your system?	NO
Has the Applicant issued debt or borrowed money, or does the Applicant intend to issue debt or borrow money, under a trust indenture?	N/A
If yes, you will be required to upload copies of the original trust indenture and all supplemental trust indenture to the Support Documents section when you complete this portion of the application.	
Do you charge residential or commercial user fees?	YES
NPDES Number:	PWSID Number: 2520051
Do you have a current Bond Rating?	NO
Rating Agency	Rating

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Contacts:

Twin Lakes Utilities, Inc		Applicant
Address: Route 6 Sagamore Estates Milford, PA 18337-		Phone: 732-658-7658 Fax: 732-985-2248 Email: mbarnes@middlesexwater.com
SAP Vendor #:	DUNS: 1	Federal ID/FIN: 264629370

Gannett Fleming		Engineer
Address: 207 Senate Avenue Camp Hill, PA 17011-7100		Phone: 717-763-7211 Phone Ext.: Fax: 717-763-1808

Middlesex Water Company		Legal
Address: 485 C Route 1 South, Suite 400 Iselin, NJ 08830		Phone: 7326387506 Phone Ext.: Fax:

Middlesex Water Company		Financial
Address: 485 C Route 1 South, Suite 400 Iselin, NJ 08830		Phone: 7326387506 Phone Ext.: Fax:

Barnes, Michael		Applicant
Address: , PA 0		Phone: 7325460719 Phone Ext.: Fax: Email: mbarnes@middlesexwater.com

Govelovich, Rachel		Engineer
Address: PO Box 67100 Harrisburg, PA 17106-0000		Phone: 7212 Phone Ext.: 2629 Fax: 7177631808 Email: rgovelovich@gfnet.com

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

PROJECT SITE(S)

Twin Lakes Utilities System	Primary Site
Address: Sagamore Estates Route 6 Shohola, PA 18458	Latitude: 41.3726135 Longitude: -74.9018774

New Well Site PW#3	Other Site
Address: Route 6 Milford, PA 18337	Latitude: 41.3226526 Longitude: -74.8028800

Counties and Municipalities

Primary True	County Pike	Municipality Shohola Township
System True	Project True	Households served 114

Legislative Districts

Congress Matthew, Cartwright	House Michael, Peifer	Senate Lisa, Baker
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PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

PROJECT PLAN

Indicate the important dates for Pre-Construction, Construction and Major Milestones.

Pre Construction Planning Dates

Planning Consultation	Dec 12 2018
Planning Completed	Apr 1 2019
Design Completed	Oct 30 2019
Obtained all needed permits	Oct 21 2019
Bid Date	Feb 3 2020
Bid Opening	Mar 2 2020
Awarded Contract	May 20 2020
Pre-Construction Conference	Jul 20 2020

Letter of No-Prejudice

Letter of No-Prejudice (LONP) issued (if required). Date is entered by PENNVEST Project Management Office upon request and issue of letter.

Construction Dates

Start Construction	Jul 20 2020
End Construction	Sep 1 2021

Award Design Dates

Begin Design	Apr 1 2019
End Design	Oct 30 2019

Project Plan Major Milestones

NOTES:

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

MEASURES

Land Use:	
Has the area served by this project been covered by an adopted municipal comprehensive plan?	YES
Is this project located in an area where there is an adopted county comprehensive plan?	YES
Is there an adopted multi-municipal or multi-county comprehensive plan for the area(s) covered by this project?	YES
Is there an adopted county or municipal zoning ordinance or a joint municipal zoning ordinance for the area covered by this project?	YES
Is the proposed project consistent with these comprehensive plans and/or zoning ordinances?	YES

DrinkingWater Breakdown

Planning & Design only	\$0.00
Source Development Amount	\$1,920,200.00
Transmission Amount	\$0.00
Treatment Amount	\$0.00
Finished Water Storage Amount	\$343,000.00
Distribution System Amount	\$2,340,000.00
Pump Stations Amount	\$0.00
Meters Amount	\$361,400.00
Safety/Security Amount	\$0.00
Purchase of Systems Amount	\$0.00
Restructuring Amount	\$0.00
Land Acquisition Amount	\$0.00

DrinkingWater Compliance:

Does the project help the facility to bring out of compliance system back into compliance?	YES
If yes, enter what percentage of the project meets that criteria:	44.00%
Does the project help the facility to maintain current compliance?	YES
If yes, enter what percentage of the project meets that criteria:	100.00%
Does the project help the facility to achieve compliance with upcoming requirements?	NO
Does the project assist the facility with other non-compliance related activities?	YES
If yes, enter what percentage of the project meets that criteria:	100.00%

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

DrinkingWater Enhancements:	
Does the project help enhance well capacity? (source development/upgrade)	YES
If yes, the impact is:	INDIRECT
Does the project enhance treatment plant capacity?	NO
Does the project enhance security measures at the drinking water facility?	YES
If yes, the impact is:	DIRECT
Does project enhance public safety? (Fire hydrants and related)	NO

Notes:

See Problem Description Section for details on Problems to be addressed and PADEP ranking discussion.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

BENEFITS

Narrative:

The Twin Lakes Utilities, Inc. community water supply system serves Sagamore Estates, which is a residential housing development in Shohola Township, Pike County, PA consisting of approximately 115 homes. The existing system includes two (2) wells, disinfection treatment, a 20,000-gallon in-ground storage tank, booster pumping station, distribution mains, and other appurtenances. The project includes replacement of the distribution system, installation of new customer meters, rehabilitation of the existing well station, installation of a new storage tank, construction of a new well and well station, installation of back-up generators, and system monitoring and security upgrades (Project).

Current issues and concerns with the existing water system include significant water leaks within the distribution piping, the loss of production from Production Well #1 (PW#1) due to a collapsed borehole, stress on the local aquifer because Production Well #2 (PW#2) must be continuously pumped to make up for the loss of PW#1, and the inability to rapidly repair and rehabilitate the distribution piping and PW#1. The existing wells are in close proximity to each other and it appears the continuous operation of PW#2 has resulted in further collapse of PW#1 and the lowering of groundwater levels in both wells.

Twin Lakes Utilities conducted a hydrogeological study in 2016 and ultimately purchased property, drilled, developed and tested a new alternate well source. The new well and associated improvements are to be permitted for public water supply and become part of the existing system. The new well source to be placed in service has been identified as PW#3, and is located on the northern side of Route 6 behind the Dollar General store in Milford Township.

A new well house, equipped with metering and chemical treatment equipment (disinfection), will be installed at the site of PW#3. Access to the well house and well site will be provided by the installation of a stone access driveway from Route 6. There will be approximately 27,100 linear feet of new 2-inch, 3-inch, and 4-inch HDPE and DI water main installed from the well house and within the distribution system to service approximately 115 house connections within Sagamore Estates and also connect to a new 20,000 gallon storage tank located at the existing well field on the north end of Sagamore Estates.

The Project includes the following main components:

- New 50 gallon per minute submersible well pump (PW#3) and pitless adapter
- Replacement level and pressure monitors for the existing PW#2
- Inspection and rehabilitation of existing PW#2
- Abandon PW#1
- New 20,000 gallon above ground gravity storage tank
- Inspection and rehabilitation of existing 20,000 gallon storage tank
- New level sensors for existing and new storage tank
- Upgrades to two (2) booster pumps drawing from storage tank
- New well station for PW#3 including electrical, HVAC, chemical treatment (sodium hypochlorite), and standby power (diesel generator).
- New magnetic flow meter at well station
-
- 27,100 linear feet of HDPE and DI piping
- In-kind laboratory upgrades
- Process monitoring and control system upgrades
- Communications upgrades including installation of fiber optics.
- New customer meters

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

The Project addresses the system problems as follows: (a) significant UAFW and water main leakage will be addressed through water main replacement, (b) inadequate and unreliable water supply and outages will be addressed through development and connection of a new well supply and upgrades to existing well PW#2, (c) inadequate storage capacity will be addressed through the addition of a new 20,000 gallon storage tank which when combined with the existing 20,000 gallon tank provides storage sufficient (based on current usage) to comply with PADEP requirements, (d) lack of backup power will be addressed with the addition of diesel generators providing an uninterrupted supply of water in the case of a power outage, (e) inadequate metering will be addressed with installation of new customer meters allowing for improved water loss detection and control, and (f) need for monitoring and security improvements are also being addressed with the installation of fiberoptics and security upgrades.

Comparison:

Alternatives considered included (a) no action alternative, (b) replace PW#1 with new production well PW#3 and new distribution system

- The no action alternative is not considered a feasible option due to the deteriorating conditions of the single production well PW#2 and existing distribution system. High volume pumping due to the collapse of PW#1 has led to stress on PW#2 which resulted in the failure of the well pump resulting in a water outage to 100% of the system for 30 hours in June 2018. The potential for future long-term outages due to lack of production well redundancy coupled with the severe leaks in the distribution system has determined the no action alternative to not be feasible.
- With the lack of a redundant source, the TLU system is currently not in compliance with PADEP requirements. Therefore, it was determined that an additional production well is necessary to provide the additional source water production in the event of PW#2 failure.
- Replacement of PW#1 with new production well PW#3 is the selected alternative for the benefits discussed throughout this application. TLU has conducted a hydrogeological study and production well drilling/testing. Further effort to design and construct the well, new storage tank, and distribution system is necessary to bring the new well system to service.

Related to actions necessary to get the Project under construction, the Project requires a PADEP Public Water Supply Permit –the application for the permit was submitted on June 26, 2019 and permit has been received.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Drinking Water Development:

Capacity	72000 gpd
Dam	NO
Well	YES
Water Surface Intake	NO
Interconnection	NO
New Source	YES
Rehab Existing Source	YES

Drinking Water Source Transmission:

Total Pipe Length	8700 feet
New	YES
Clean/Reline	NO
Replace	NO

Drinking Water Source Treatment:

Existing Capacity	gpd
Proposed Designed Capacity	gpd
New Plant	NO
Plant Addition	NO
Plant Renovations	NO

OTHER:

Drinking Water Source Finished Water Storage:

Total Pipe Length	40000 gallons
New Tank	YES
Cover Existing Tank	NO
Renovate Existing Tank	YES

Drinking Water Source Distribution System:

Total Pipe Length	18400 feet
Number of Residential Connections	115
Number of Commercial Connections	0
New	NO
Replace	YES
Extension	NO
Clean/Reline	NO

Drinking Water Source Pump Stations:

Design Capacity	gpd
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PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

New	NO
Renovate Existing	NO

Drinking Water Source Meters:

Number of Master meters	2
Number of Customer meters	115
New Meters	NO
Replace Meters	YES

Drinking Water Source Other:

Number of New Fire Hydrants	
Plant Access Road	YES
Administration Building	NO

Green Infrastructure Components

Does the project result in reduced (minimum 20%) water use?	NO
---	----

If 'Yes' explain:

Does the project recycle water?	NO
---------------------------------	----

If 'Yes' explain:

Does the project reduce (minimum 20%) infiltration of water into the sewer pipes being repaired/replaced?	NO
---	----

If 'Yes' explain:

Does the project reduce (minimum 20%) leakage from the water pipes being repaired/replaced?	YES
---	-----

If 'Yes' explain: The leaking water mains is evidenced by the high unaccounted-for-water (UAFW) experienced in the system – ranging from 79% to 87% between 2016 and the first two quarters of 2019 as shown on the UAFW table uploaded to the Additional Documentation Section of the Application.

Does the project save energy (minimum 20%)?	YES
---	-----

If 'Yes' explain: The Project will save energy through the use of a Variable Frequency Drive on PW#3 pump motor.

Does the project infiltrate, evapo-transpire or control stormwater?	NO
---	----

If 'Yes' explain:

Does the project implement Ag BMP's, or Low-Impact Development, or wetland restoration or construction, or greenhouse gas reduction, or apply differential uses of water treated to varying levels?	NO
---	----

If 'Yes' explain:

Cost Effectiveness

Describe the alternatives that were considered to solve the problem in the Project Description and the cost of those alternatives.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

See Cost Comparison Section.

Drinking Water Public Health:

Will this project eliminate critical or chronic health hazards?	YES
---	-----

If 'Yes' explain: True

Violation of a primary MCL or maximum containment concentration:	NO
--	----

Presence of coliform or fecal coliform:	NO
---	----

No water available at the tap:	YES
--------------------------------	-----

Giarda cysts in the filtered water:	NO
-------------------------------------	----

Drinking Water DEP Compliance

Will this project satisfy an order issued by DEP, the Federal Government or the Courts that addresses problems with acute health or safety hazard, potable water treatment and/or storage facilities?	NO
---	----

Will this project satisfy a non-compliance consent order and agreement related to a health or safety hazard, potable water treatment and/or storage facilities?	NO
---	----

Will this project protect water sources under the supplier's control?	YES
---	-----

Provide treatment adequate to assure that public health is protected?	YES
---	-----

Provide and effectively operate and maintain public water system facilities?	YES
--	-----

Take corrective action necessary to assure safe and potable water is continuously supplied to the user:	YES
---	-----

Cost Effectiveness

Describe any actions necessary to get the project under construction, when they will be done, and what will be required in order to maintain the facility through its design life.	
--	--

See Cost Comparison Section.

Drinking Water Environmental/Social

Explain any existing environmental condition that will be addressed with the project (example: sludge handling facility).	
---	--

How will this project improve the quality of life for the system customers?	
---	--

The Project will provide a more reliable source of water supply through the development of an additional well, additional water storage, and emergency power backup - Reducing frequent water outages.

Is this project consistent with local, county and regional land use planning?	YES
---	-----

If 'No' explain:

Is this project consistent with county agricultural preservation efforts?	YES
---	-----

If 'No' explain:

Drinking Water Adequacy and Efficiency

Will this project increase the available water?	YES
---	-----

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

If 'Yes' explain: Project will add additional water supply source, reduce water lost through leaking water mains also increasing water available to customers.

Does this project include or promote water system conservation?	YES
---	-----

If 'Yes' explain: New residential meters are being installed to each home. Accurate water metering combined with consumption usage billing encourages water conservation.

Does this project include or promote water system consolidation?	NO
--	----

Drinking Water Public Safety

Will this project address replacement or major rehabilitation of an unsafe water supply storage tank?	YES
Will this project allow the system to meet fire code - quantity/pressure for fire protection?	NO
Does this project include installation or replacement of fire hydrants?	NO
Does this project include work to address safety standards with OSHA?	YES
Will this project address issues related to water source and/or system security?	YES

Keystone:

Have any of the communities served by this project been designated as distressed under the Municipalities Financial Recovery Act 47 of 1987?	NO
Does this project directly serve a Brownfield site as designated by the PA Department of Environmental Protection?	NO
Does this project serve a City, Borough or Township of the 1st Class?	NO
Have any of the communities served by this project been designated as a Community Action Team [CAT] project by the Department of Community and Economic Development?	NO

municipality: county:

Does the Community(ies) where this project is located have a Comprehensive Land Use Plan?	YES
If yes, is this project consistent with that plan? If yes, please upload a copy of correspondence indicating consistency in Supporting Documents.	YES

Does the County(ies) where this project is located have a Comprehensive Land Use Plan?	YES
If yes, is this project consistent with that plan?	YES

Does the County(ies) where this project is located have an Agricultural Land Preservation Plan?	YES
If yes, is this project consistent with that plan?	YES

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

INCOME AND EXPENSES

Billing:	Per Last Completed Fiscal Year 2018	First Year after Project Completed 2022
Estimated Population	285	283
Households served by System	115	114
Total EDUs served by system	115	114
Residential EDUs served by system	115	114
Average annual Residential bill	\$1,112.54	\$4,017.54
Total residential bills levied	\$127,942.00	\$458,000.00
Total Residential bills collected	\$127,942.00	\$458,000.00
Total Commercial/Industrial bills levied	\$0.00	\$0.00
Total Commercial/Industrial bills collected	\$0.00	\$0.00

Income for Profit Entity:	Per Last Completed Fiscal Year 2018	First Year after Project Completed 2022
Sales of Products	\$127,942.00	\$458,000.00
Investment Income		
Rental Income		
Other Income	\$6,446.00	\$0.00
TOTAL INCOME	\$134,388.00	\$458,000.00

Explain other products, income and identify sources of the above information: Other income includes non utility income and miscellaneous service revenues. Projected number of households for 2022 is reduced from 2018 by one (1) household to reflect actual reduction which occurred in 2019.

Operating Expenses :	Per Last Completed Fiscal Year 2018	First Year after Project Completed 2022
Labor (Salaries and Benefits)	\$10,131.00	\$10,966.00
Utilities		
Rent		
Materials and Supplies	\$21,326.00	\$21,910.00
Outside Services		
Cost of Goods Sold		
Program Expenses	\$16,767.00	\$18,861.00
Administration Expenses		
Professional Fees	\$49,404.00	\$53,476.00

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Depreciation Expense	\$30,317.00	\$31,785.00
Other Expenses	\$4,109.00	\$4,808.00
Net Operating Expense (Less Depreciation)	\$101,737.00	\$110,021.00

Non-Operating Expenses :	Per Last Completed Fiscal Year 2018	First Year after Project Completed 2022
Annual debt service excluding this project	\$43,382.00	\$70,900.00
Other Non-Operating Expense	(\$28,647.00)	(\$31,750.00)
Net Non-Operating Expense	\$14,735.00	\$39,150.00
Total Expenses	\$116,472.00	\$149,171.00

Explain any Other Expenses and identify sources of the above information: Program expenses include Regulatory and Commission Expense and "Bad Debt Expense" (pdf 45 item 27 of PUC).
 Other Operating Expenses includes insurance (vehicle, general liability, workman's comp, directors and officers, umbrella, other).
 Annual Debt service is reported in PUC and is based on on-demand payments to MWC on original loan of \$1,000,000 at 7% interest rate (pdf p. 35 PUC report). Amount shown is from Interest Expense.
 Other Non-Operating Expense includes federal, state, and local taxes (utility operating income set as negative in expenses).

Net Cash:	Per Last Completed Fiscal Year 2018	First Year after Project Completed 2022
Total Income	\$140,834.00	\$458,000.00
Total Cash Expenses	\$116,472.00	\$149,171.00
NET CASH FLOW	\$24,362.00	\$308,829.00

Notes:

2018 information was obtained from the Twin Lakes Annual PUC Report. A Consolidated Statement for the Parent Company, Middlesex Water Company, is prepared which ties the Twin Lakes PUC Report values to the audited Middlesex Water Annual Report. Due to the absence of an audited financial statement directly from Twin Lake Utilities, PENNVEST has agreed the PUC Report in combination with the Middlesex Consolidated Statement is sufficient for the application. 2022 information is based on 2019 Budget and projections of expenses. 2022 Sale of Products is set to provide adequate income to cover 2022 Expenses and provide a net income to pay debt service on the PENNVEST Funding at the blended county cap rate of 1.54075% plus a \$20,000 net revenue.

FINANCIAL

Source:	Amount	Committed
System Funds (resources, Owner equity, etc.)	\$0.00	\$0.00
Connection Fees / Tap Fees / Assessments	\$0.00	\$0.00

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Grants	\$0.00	\$0.00
Other	\$0.00	\$0.00
Amount Requested from PENNVEST	\$4,964,600.00	\$0.00

Special Assessments :	Amount
Amount of Assesment per EDU	\$0.00
No. of EDUs to be Charged	
Anticipated Collection Rate	
Total to be Generated by Assessments	

Explanation of Sources :

If you have chosen not to utilize other available sources of funding for this project, please explain the basis for your decision:

Other sources, such as bank loans, have higher interest rates resulting in significantly higher debt service. A bond issue would have higher borrowing costs and higher interest rates than a PENNVEST loan. Higher debt service increases the already high user fees.

Describe any constitutional, statutory, charter, or other limitation on debt that apply to the applicant:

None

Debt Obligations :

For Governmental entities:	For non-Governmental entities:
a) First lien on user charge revenues	a) Guarantee of the parent company
b) Guarantee of municipality	b) Pledge of stock
c) Municipal taxing power	c) Mortgage lien on company facilities

Are there any liens or other encumbrances by existing debt obligations which would prevent PENNVEST from requesting any of the above forms of loan security? YES

Closely Held for Profit Entities :

Owner	Percent
MIDDLESEX WATER COMPANY	100.00%

NOTES:

A guarantee of the parent company or other forms for security involving the parent company are not available.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

DEBT

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Jan 1 2010	\$14,220.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$14,220.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Jan 31 2011	\$10,000.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$10,000.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Dec 31 2013	\$354,369.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$354,369.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Jan 31 2014	\$5,000.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$5,000.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Aug 31 2014	\$50,677.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$50,677.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Jun 4 2015	\$28,000.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$28,000.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Current Debt as of Date of Submittal:

Note Holder: Middlesex Water Company

Date of Loan / Issue	Original Principal	Interest Rate
Jan 1 2016	\$537,734.00	7.00%
Term Months	Annual Repayment of Principal & Interest	Remaining Principal
0	\$0.00	\$537,734.00

Additional Information on Current Debt:

Affiliated Company Loans are Revolving Loans with a maturity date of On Demand. Interest only payments are made.

Notes:

RATES

Billing:

Select the appropriate rate structure and billing frequency from the drop down list that is provided. In the space provided, describe any special rate structure or agreement.

	Monthly	Quarterly	Other
Metered	NO	YES	NO
Flat	NO	NO	NO
other	NO	NO	NO

Special Rate Structure or Agreement:

See attached Rate Tariff.

Revenue:

Indicate the total revenues collected by category as indicated before and after the project.

	Before Project	After Project
Residential	\$127,942.00	\$450,000.00
Commercial	\$0.00	\$0.00
Industrial	\$0.00	\$0.00

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Customers :

Indicate the number of residential households that the system currently serves and the number that you expect to serve once this project is complete. Provide similar information for EDU's (equivalent dwelling units) and population that will be impacted by the project.

	Currently	After First Year
Residential Households Served	115	114
Number of Additional EDU's	0	
Estimated Population Impacted	285	

Impact on Largest Customers :

Systems Largest Customers	Gallons Before Project	Gallons After Project
CUST ID 8543967860	249	249

Impact on Largest Customers :

Systems Largest Customers	Gallons Before Project	Gallons After Project
CUST ID 0942390095	209	209

Impact on Largest Customers :

Systems Largest Customers	Gallons Before Project	Gallons After Project
CUST ID 3904344190	209	209

Impact on Largest Customers :

Systems Largest Customers	Gallons Before Project	Gallons After Project
CUST ID 8043346943	209	209

Impact on Largest Customers :

Systems Largest Customers	Gallons Before Project	Gallons After Project
CUST ID 9108417035	193	193

NOTES:

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

All customers are residential. No significant changes in usage are anticipated other than typical with weather impacts.

A negative one (-1) for Number of Additional EDUs can not be entered without an error message.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

BUDGET

Engineering Costs:

This section is used to provide a breakdown of project engineering costs related to planning. For Waste Water projects these costs should represent expenses that are not related to Act 537 planning.

Tasks	
Planning	\$348,163.00
Pre-Design Services	\$29,230.00
Design	\$297,620.00
Bidding	\$11,800.00
Construction Services	\$376,200.00
Total Engineer Cost	\$1,063,013.00

Construction Items:

This section is used to provide a breakdown of project costs related to construction for Transmission/Interceptor, Mains, Pump Station, Storage, Treatment and Source/Disposal. Use linear feet for length.

	Units	Estimated Cost
Transmission/Interceptor	0 linear ft	\$0.00
Mains	27100 linear ft	\$1,856,000.00
Pump Station	0 stations	\$0.00
Storage	40000 gallons	\$236,000.00
Treatment	0 gallons	\$0.00
Source/Disposal	72000 gallons	\$1,319,000.00
Total Construction Cost :		\$3,411,000.00

Total Major Phases Costs:

This section is used to provide a breakdown of all project related costs as they relate to pre-design, design and construction components of the project. These figures are typically estimates, based upon consulting services and engineering design specifications.

Cost Category	Major Phases		
	Pre-Design	Design	Construction
Administrative Costs			\$5,000.00
Legal Fees		\$14,950.00	\$14,950.00
Financial / ... Accounting Charges			\$21,000.00

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Interest during Construction			\$43,587.00
Engineering, Architecture Fees	\$348,163.00	\$338,650.00	\$376,200.00
Permits			\$16,000.00
Land Construction			\$3,411,000.00
Contingency			\$341,100.00
Other (Utilities/PennDOT)	\$0.00	\$0.00	\$34,000.00
Grand Totals	\$348,163.00	\$353,600.00	\$4,262,837.00

Total Project Costs :

Cost Category	Total Cost
Administrative Costs	\$5,000.00
Legal Fees	\$29,900.00
Financial / ... Accounting Charges	\$21,000.00
Interest during Construction	\$43,587.00
Engineering, Architecture Fees	\$1,063,013.00
Permits	\$16,000.00
Land	\$0.00
Construction	\$3,411,000.00
Contingency	\$341,100.00
	\$0.00
Other (Utilities/PennDOT)	\$34,000.00
Total Project Cost :	\$4,964,600.00

Additional information or comments :

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

IMPACT

Industry:

Economic Benefits: Indicate the economic benefits of the project relative to job creation/retention and private investment. Attachments should be clearly identified and forwarded to DCED for review.

Notes:

No industrial or Commercial Development anticipated. Sagamore Estates is all residential homes.

PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

Last Submission made by Rachel Govelovich (rgovelovich@gfnet.com) at
08/07/2019 4:35 PM

Last Submission made by Rachel Govelovich (rgovelovich@gfnet.com) at
10/29/2019 4:13 PM

PENNVEST Funding Offer

This Funding Offer is based upon the information submitted for consideration. This offer includes the amount of PENNVEST funding, interest rate, repayment term, as well as the standard terms and conditions that accompany the offer. You must review the offer in order to continue on to the settlement checklist and information collection process.

Description

Contact: Michael Barnes
 Project Number: 52036021907-CW Status: Approved
 Project Title: Twin Lakes Utilities System Upgrade
 Company: Twin Lakes Utilities, Inc

Funding Offer

Board Approval Date:	1/29/2020
Loan Amount:	\$304,573.00
Non-Repayment Amount:	\$4,660,027.00
Credit Enhancement Amount:	\$0.00
Estimated Monthly Payments for Years 1 through 5:	\$1,400.71
Estimated Monthly Payments for Years 6 through Maturity:	\$1,400.71
Amortization Period in Months:	240
Interest Only Period:	(up to) 36
Interest Rate of Loan for Years 1 through 5:	1.000
Interest Rate of Loan for Years 6 through Maturity:	1.000
Credit Enhancement Type:	Bond or Loan Guarantee
Credit Enhancement Fee:	\$0.00

Cost Break Down

PHASE	PENNVEST	LOCAL	TOTAL
Administrative	\$5,000.00	\$0.00	\$5,000.00
Legal	\$29,900.00	\$0.00	\$29,900.00
Financial/Accounting	\$21,000.00	\$0.00	\$21,000.00
Interest	\$43,587.00	\$0.00	\$43,587.00
Engineering	\$1,063,013.00	\$0.00	\$1,063,013.00
Permits	\$16,000.00	\$0.00	\$16,000.00
Lands	\$0.00	\$0.00	\$0.00
Construction	\$3,411,000.00	\$0.00	\$3,411,000.00
Contingency	\$341,100.00	\$0.00	\$341,100.00
Other	\$34,000.00	\$0.00	\$34,000.00
TOTAL	\$4,964,600.00	\$0.00	\$4,964,600.00

Collateral

Collateral

1. The Note of Twin Lakes Utilities, Inc.
2. An irrevocable full bank letter of credit with an automatic renewal clause from a domestic financial institution for the outstanding balance of the PENNVEST water construction loan.

Special Conditions

3. Receipt of the annual P.U.C. Reports of Twin Lakes Utilities, Inc. for the term of the PENNVEST water construction loan.

Terms And Conditions

General Financial Terms & Conditions

Funding Recipient

For purposes of this Funding Offer, Company may be referred to herein as Funding Recipient.

Funds Availability

Funding Recipient agrees that this Funding Offer is subject to the availability of PENNVEST funds.

Repayment

Funding Recipient agrees to repay PENNVEST in accordance with the terms set forth in this Funding Offer.

Settlement Date

Funding Recipient agrees to make every effort to confirm the contractual obligations with PENNVEST and to provide consideration for this Funding Offer ("Settlement") within one hundred and eighty two (182) days from the date the Board approved the original funding for this project ("Settlement Date"). In any event, if a Settlement Date does not occur within two hundred and seventy six days (276) days from the date the Board approved the original funding for this project, this Funding Offer will terminate unless there are extenuating circumstances which in PENNVEST's sole discretion require an extension.

Collateral

Funding Recipient agrees, if applicable, to secure repayment by providing the collateral set forth in this Funding Offer. Any change to the collateral set forth in the Funding Offer shall require a written request from the Funding Recipient and the consent of PENNVEST.

General Financial Terms & Conditions

Revenue Stream

If applicable, Funding Recipient agrees to provide, in a form satisfactory to PENNVEST, evidence that Funding Recipient has a revenue stream sufficient to repay the debt service on the financial assistance provided by PENNVEST, unless PENNVEST has approved the use of other collateral independent of the revenue stream to secure repayment. In addition, the Funding Recipient shall enact an ordinance, adopt a resolution, or take other such official action as may be appropriate, prior to Settlement, which provides for the implementation of sufficient rates or revenues to cover all operational and maintenance costs, the debt service on any PENNVEST loan and the debt service on all other outstanding debt of the Funding Recipient at least three (3) months prior to the scheduled amortization date (as defined in the Funding Agreement). In any event, Funding Recipient shall provide, in a form satisfactory to PENNVEST, a plan for repayment of any PENNVEST loan. If Funding Recipient is regulated by the Public Utility Commission ("PUC"), Funding Recipient agrees to take all necessary actions to obtain PUC approval of revenue stream rates.

Payment of Costs

Funding Recipient agrees, without condition, to pay all reasonable fees, expenses, taxes, costs and charges associated with the financial assistance being provided by PENNVEST, including but not limited to, title insurance premiums and search fees, survey costs, and recording and filing fees, if any.

Additional Information

Funding Recipient agrees that PENNVEST can require additional information or documentation and impose further conditions if PENNVEST deems necessary based upon review of the information submitted by the Funding Recipient.

Assignment

Funding Recipient agrees not to assign the proceeds from the financial assistance provided by PENNVEST without the prior written consent of PENNVEST. Any attempt at assignment without consent shall be void.

Modification

Funding Recipient agrees that no change or modification to this Funding Offer shall be valid unless the Funding Recipient and PENNVEST agree to such change or modification in writing.

Entire Agreement

Funding Recipient further agrees that this Funding Offer represents the entire funding offer agreement between the parties and to the extent this offer represents an increase funding approval this offer integrates and includes any and all prior or contemporaneous agreements between the parties relating to this project.

General Financial Terms & Conditions

Survival

Funding Recipient agrees that the obligations set forth in this Funding Offer shall survive Settlement on the financial assistance and shall be continuing obligations until all required payments, including applicable interest and fees, have been made in full and all other obligations have been fully completed and discharged.

Outstanding Financial Assistance

Funding Recipient agrees that, to the extent that financial assistance requiring repayment was previously provided to funding recipient by the Water Facilities Loan Board or PENNVEST and has not been fully repaid, Funding Recipient is in compliance with obligations under the prior funding documents and is not delinquent on repayment.

Refinancing

Funding Recipient shall not use PENNVEST funds to replace long-term financing that has been offered or committed to the Funding Recipient at reasonable rates as of the date of this Funding Offer.

Independent Audits

Funding Recipient agrees, if required by PENNVEST, to obtain independent audits of its financial documents and condition and to submit certified copies of such audits to PENNVEST.

Other Obligations

Funding Recipient agrees that accepting funding from PENNVEST will not result in a default by Funding Recipient on any other obligation of Funding Recipient, including but not limited to, a default pursuant to the terms of any bond offering, indenture, mortgage, restriction, lease, or other agreement. Funding Recipient agrees to provide PENNVEST with evidence that no such default will occur, in a form satisfactory to PENNVEST, prior to the Settlement Date.

Insurance

Funding Recipient agrees to maintain, or cause to be maintained, adequate business insurance coverage on its business assets for the term of the financial assistance including the construction period and to provide PENNVEST with evidence of such insurance, in a form satisfactory to PENNVEST, prior to the Settlement Date. In the event of a Brownfields project, Funding Recipient also agrees to obtain and cause to be maintained environmental cost cap and remediation liability insurance until such time that Funding Recipient receives a letter from DEP releasing the Funding Recipient from liability of known contaminants under Act 2, a later defined term. In the event PENNVEST obtains a mortgage as collateral, Funding Recipient also agrees to obtain a lenders title insurance policy and endorsements on terms and conditions acceptable to PENNVEST.

General Financial Terms & Conditions

Tax-Exempt Financing

Funding Recipient agrees not to report any funding received from PENNVEST as a tax-exempt financing.

Automatic Debit/Credit

Funding Recipient agrees to comply with any automated debit or credit system that PENNVEST may institute.

Attorney

Funding Recipient agrees, if applicable, to retain an attorney, licensed to practice law in the Commonwealth of Pennsylvania, to provide legal assistance and advice to the Funding Recipient with regard to the terms and conditions of this Funding Offer and to provide the requisite opinions of counsel at Settlement. Funding Recipient agrees to provide PENNVEST with a copy of its engagement letter, which shall include the attorney's total anticipated fee with respect to the project, in a form satisfactory to PENNVEST, prior to the Settlement Date. At Settlement, the Funding Recipient shall furnish to PENNVEST an opinion of the Funding Recipient's counsel, in a form satisfactory to PENNVEST, that, among other things, the Funding Recipient is duly organized and authorized to enter into the transaction; that the transaction and its terms do not violate any rules, regulations, laws, orders or agreements by which the Funding Recipient is bound; that there is no litigation threatened or pending that will affect the Funding Recipient's ability to enter into the transaction or complete this project; and that the Funding Recipient has acquired, and has good and marketable title to, all real property interests necessary to complete this project. The opinion letter will also address any other matters to which PENNVEST wishes the Funding Recipient's counsel to opine.

Disclosure of Funding

Funding Recipient agrees to disclose to the system users the costs and benefits of receipt of funds from PENNVEST (this does not apply to PUC regulated systems or systems without residential ratepayers).

Conference Calls

As a condition of this Funding Offer, Funding Recipient, its licensed engineer and its attorney, if applicable, shall be available to participate in conference calls with PENNVEST to work through the Settlement process effective immediately after approval of this Funding Offer, unless such condition is expressly waived by PENNVEST. All conference call attendees should have electronic access to the PENNVEST Online Funding Request website during all scheduled conference calls.

Funds Disbursement Process

As a condition of this Funding Offer, Funding Recipient understands that it will be required to participate in PENNVEST's funds disbursement process.

General Financial Terms & Conditions

Financial Statements

If applicable, within one hundred eighty (180) days after the end of each fiscal year, the Funding Recipient shall transmit to PENNVEST its financial statements using PENNVEST's facsimile procedure on the PENNVEST website under Annual Financial Statement / Audit Report Submission. The financial statements shall consist of a balance sheet, income statement and statement of source and application of funds. Such financial statements:

- a. Shall be prepared by an independent public accounting firm approved by the Authority;
- b. Shall be prepared in accordance with generally accepted accounting principles and practices consistently applied or generally accepted governmental accounting principles and practices consistently applied, as applicable;
- c. Shall be in a form satisfactory to PENNVEST; and
- d. Shall be certified as true and correct by the chief financial officer of the Funding Recipient.

Confidential Information

The Funding Recipient agrees not to include confidential or proprietary information or trade secrets as part of any submission to PENNVEST in response to this Funding Offer or in preparation for Settlement. If the Funding Recipient determines that it must divulge such information as part of its submissions, the Funding Recipient agrees to submit a signed written statement to that effect in accordance with 65 P.S. § 67.707(b) and agrees to additionally provide a redacted version of its proposal, which removes only the confidential or proprietary information and trade secrets for public disclosure purposes.

Right-to-Know Law

- a. The Pennsylvania Right-to-Know Law (hereinafter referred to as the "RTKL"), 65 P.S. §§ 67.101-3104, applies to this Funding Offer and all documents provided to PENNVEST in connection with Settlement (the "Funding Documents"). For the purpose of administering the matters relating to the RTKL set forth in this Section, the applicable "Commonwealth agency" as provided in the RTKL shall be PENNVEST. Capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the RTKL.
- b. If PENNVEST needs the Funding Recipient's assistance in any matter arising out of the RTKL, PENNVEST shall notify the Funding Recipient in writing.
- c. Upon written notification from PENNVEST that it requires the Funding Recipient's assistance in responding to a request under the RTKL for information that may be in the Funding Recipient's possession, constituting, or alleged to constitute, a Public Record in accordance with the RTKL, Funding Recipient shall:
 - (i) Provide PENNVEST, within ten (10) calendar days after receipt of such notification, access to, and copies of, any document or information in the Funding Recipient's possession arising out of this Funding Offer or the Funding Documents that PENNVEST reasonably believes may be a Public Record under the RTKL ("Requested Information"), to permit PENNVEST to evaluate whether such Requested Information is, in fact, a Public Record within the scope of the subject RTKL information request; provided, however, that providing such Requested Information not previously in PENNVEST's possession shall not be considered an admission by the Funding Recipient that such records are Public Records under the RTKL; and
 - (ii) Provide such other assistance as PENNVEST reasonably may request, in order to comply with the

RTKL.

If the Funding Recipient fails to provide the Requested Information within ten (10) calendar days after receipt of such request, the Funding Recipient shall indemnify and hold PENNVEST harmless for any damages, penalties, detriment or harm that PENNVEST may incur under the RTKL as a result of the Funding Recipient's failure, including any statutory damages assessed against PENNVEST.

d. If the Funding Recipient considers the Requested Information not to be a Public Record, or exempt from production due to the inclusion of trade secret, confidential proprietary information, or any other reason for exemption from production as a Public Record under the RTKL, the Funding Recipient shall provide a written statement to PENNVEST within seven (7) days of receipt of PENNVEST's request for the Requested Information. This statement shall be signed by a representative of the Funding Recipient, explaining why the Funding Recipient considers the Requested Information exempt from public disclosure.

e. If such a written statement is timely provided, PENNVEST will rely upon it in denying a RTKL request for the information. However, if PENNVEST reasonably determines that such written statement is patently flawed or the Requested Information is, on its face, clearly not protected from disclosure under the RTKL, the Funding Recipient shall, subject to its rights of appeal, provide the Requested Information within five (5) business days of notification of PENNVEST's decision.

If the Funding Recipient fails to provide the Requested Information within the five (5) business days, the Funding Recipient shall indemnify and hold PENNVEST harmless from any damages, legal fees, penalties, detriment or harm, including statutory damages assessed against PENNVEST that PENNVEST may incur under the RTKL as a result of the Funding Recipient's failure to provide the records.

f. The Funding Recipient shall be entitled to challenge or appeal any decision of PENNVEST, the Commonwealth Office of Open Records ("OOR") or any applicable court mandating the release of any record to the public which the Funding Recipient believes is not properly subject to disclosure under the RTKL; provided, however, that (i) the Funding Recipient shall be solely responsible for all costs related to such action; and (ii) the Funding Recipient shall indemnify and hold harmless PENNVEST from and against any and all legal fees, damages, penalties, detriment or harm that PENNVEST may incur under the RTKL as a result of such action, including any statutory damages assessed against PENNVEST, regardless of the outcome of such legal challenge. If the Funding Recipient does not appeal or is not successful after final appeal from a determination by the OOR or Pennsylvania courts, the Funding Recipient agrees to waive all rights or remedies that may be available to it as a result of PENNVEST's subsequent disclosure of Requested Information pursuant to such a decision by the OOR or Pennsylvania courts. PENNVEST will reimburse the Funding Recipient for any costs associated with complying with this provision, but only to the extent allowed under the fee schedule established by the OOR, or as otherwise provided by the RTKL, if the fee schedule is inapplicable.

g. Notwithstanding the foregoing, nothing set forth herein is intended, nor shall it be construed, to expand the Funding Recipient's obligations, or PENNVEST's authority, beyond those obligations and authority, respectively, as are set forth in the RTKL, and the sole remedy for any failure by the Funding Recipient to perform any obligation arising hereunder, or under the RTKL, shall be limited to those specifically provided for pursuant to the RTKL, and the failure of the Funding Recipient to comply with the provisions of this Section shall not constitute a default or Event of Default under the Funding Offer or the Funding Documents.

Construction-Related Terms & Conditions

Construction Start

Funding Recipient agrees that construction shall not be initiated prior to the Settlement Date unless Funding Recipient has obtained prior written authorization from PENNVEST.

Construction-Related Terms & Conditions

Engineering

Funding Recipient agrees, if applicable, to retain a licensed engineer competent to design and/or implement the project and provide construction oversight. Funding Recipient agrees to provide PENNVEST with evidence of such engineer's agreement, including the engineer's total fee to complete the project, in a form satisfactory to PENNVEST, prior to the Settlement Date.

Continuing Education

Funding Recipient agrees to comply with the continuing education requirements set forth in the Pennsylvania Infrastructure Investment Authority Act, March 1, 1988, P.L.82, No. 16, as amended, 35 P.S. § 751.10(j).

Steel Products

Funding Recipient agrees to comply with the provisions of the Steel Products Procurement Act, March 3, 1978, P.L. 6, No. 3, 73 P.S. § 1881 et seq., in every construction contract awarded for this project.

Real Estate

Prior to Settlement on this Funding Offer, Funding Recipient agrees to acquire all easements, rights-of-way, or other interests in real property needed for the construction of the project, and to have its attorney opine that all real property interests are free and clear of all liens and encumbrances other than those liens and encumbrances which will not adversely interfere with the project. If property interests are being acquired through condemnation and appeal rights have not been waived, PENNVEST will not conduct Settlement until the appeal period has expired and any preliminary objections have been satisfactorily resolved. If PENNVEST assumes an interest in real estate as a part of its collateral securing the PENNVEST funding, Funding Recipient agrees to obtain an appraisal and survey of the real estate and title insurance on the real estate on terms and conditions satisfactory to PENNVEST.

Permits

Funding Recipient agrees to obtain all permits needed for the construction of the project prior to Settlement on this Funding Offer. PENNVEST will not conduct Settlement until all appeal periods for such permits have expired. If an appeal is filed, PENNVEST, in its sole discretion, may choose not to conduct Settlement on this Funding Offer until the appeal is satisfactorily resolved.

Compliance

Funding Recipient agrees to comply with all local, state and federal statutes, regulations, and permit requirements applicable to the construction of the project and the operation of the project or system of which the project is a component part.

Construction-Related Terms & Conditions

Bid Requirement

Funding Recipient agrees that no specification for bids in connection with the project financed by this Funding Offer shall be written in such a manner as to contain proprietary, exclusionary, or discriminatory requirements other than those based upon performance, unless such requirements are necessary to test or demonstrate a specific thing or to provide for necessary interchangeability of parts and equipment and, if available, Funding Recipient shall include at least two brand names or trade names of comparable quality or utility followed by the words "or equal".

Construction Contracts

Funding Recipient agrees to enter into written contracts with parties constructing the project and to require insurance, performance bonds and payment bonds covering the work to be performed. Funding Recipient agrees to provide PENNVEST with evidence of such contracts, insurance and bonds, in a form satisfactory to PENNVEST, prior to the Settlement Date.

Performance Certification

On the one-year anniversary of completion of the project, Funding Recipient agrees, if applicable, to provide PENNVEST with certification from a licensed engineer or other designated professional that the design, construction, maintenance and operation of the project system is consistent with the plans and specifications, as approved by PENNVEST and DEP.

Asset Depreciation

Funding Recipient agrees that it will depreciate the applicable assets purchased or constructed using proceeds of the Loan and or Grant on a straight line basis pursuant to Public Law 98-369, Act of July 11, 1984, known as the "Deficit Reduction Act of 1984".

Funding Additional Costs of Construction

Prior to Settlement on this Funding Offer, Funding Recipient agrees to provide evidence to PENNVEST of all other sources of funding which will be used to finance any portion of the construction costs for this project. Funding Recipient further acknowledges that this Funding Offer does not obligate PENNVEST to finance any increase in the cost of the construction for this project.

Project Scope

Funding Recipient agrees not to change the scope of the project as presented to PENNVEST in its application, and any associated plans and specifications, without the express written consent of PENNVEST. If prior to Settlement a change of scope affects the project priority ranking previously assigned to this project to the extent that it would not have been approved by the PENNVEST Board of Directors, this Funding Offer, and any acceptance thereof, shall be null and void.

Construction-Related Terms & Conditions

Land Acquisition Costs

To the extent this Project will be funded in whole or in part with monies obtained by PENNVEST from the Unconventional Gas Well Fee Act, February 14, 2012, P.L. 87, No. 13, 58 Pa.C.S. §2301 et seq. and Funding Recipient is an authorized organization as defined in 27 Pa.C.S. §6103, the Funding Recipient agrees not to use funds provided through this offer for land acquisition unless the Funding Recipient has obtained the written consent of the county and municipality in which the land is situated in accordance with 58 Pa.C.S. §2315(b)(2).

Management Terms & Conditions

Discrimination

Funding Recipient agrees not to discriminate on the basis of race, color, religious creed, ancestry, age, sex, natural origin, non-job related handicap or disability, or the use of a guide or support animal because of the blindness, deafness or physical handicap against any individual or independent contractor in activities funded by this Funding Offer, and shall be in compliance with the Pennsylvania Human Relations Act, Oct. 27, 1955, P.L. 744, No. 222, as amended, 43 P.S. § 951 et seq.

Contractor Responsibility

Consistent with Commonwealth Management Directive 215.9, Contractor Responsibility Program, dated April 16, 1999, Funding Recipient certifies that neither Funding Recipient nor any contractor or supplier providing services on this project are under suspension or debarment by the Commonwealth of Pennsylvania, any other state, or the federal government. Funding Recipient further certifies that it has no delinquent tax liabilities or other Commonwealth obligations. If any suspension, debarment or delinquent obligation arises during the term of the agreement with PENNVEST for financial assistance, Funding Recipient agrees to notify PENNVEST within 15 days. Moreover, Funding Recipient agrees that failure to provide such notice shall constitute a default of the agreement. Funding Recipient agrees to be responsible for all necessary and reasonable costs incurred by the Office of Inspector General in investigating compliance with this provision when such investigation results in suspension or debarment of Funding Recipient or a contractor providing services on this project.

Contractor Integrity

Funding Recipient agrees to comply, and to require compliance by any contractors providing services on this project, with the contractor integrity provisions set forth in Management Directive 215.8, Contractor Integrity Provisions for Commonwealth Contracts, dated December 20, 1991.

Inspection/Audit

Funding Recipient agrees that PENNVEST, or its agents and representatives, shall have the right to inspect the project and audit the financial condition of Funding Recipient at any and all reasonable times. Funding Recipient further agrees to allow PENNVEST, or its agents and representatives, to examine and make copies of its drawing, plans, books, records, accounting data and other documents pertaining to the project or the financial condition of Funding Recipient.

Management Terms & Conditions

Default

Funding Recipient agrees that PENNVEST, upon the occurrence of any of the following events, may declare Funding Recipient in default and exercise any available rights or remedies as PENNVEST deems necessary and appropriate:


- a. **Material Change.** A material adverse change in conditions represented to PENNVEST at or prior to Settlement on this Funding Offer relating to: (1) the financial condition of the Funding Recipient or any guarantor, (2) the Funding Recipient's ownership interest in or physical condition of the real property required for the project, or (3) the nature/scope of the project; or
- b. **Bankruptcy.** The filing by or against the Funding Recipient or any guarantor of a petition in bankruptcy or insolvency, for reorganization or the appointment of a receiver or trustee; or the making by the Funding Recipient or any guarantor of an assignment for the benefit of creditors, or in the event of any similar act or ordinance.
- c. **Suspension/Debarment.** Failure to notify PENNVEST within 15 days of any suspension or debarment of the Funding Recipient, its contractors or suppliers by the Commonwealth of Pennsylvania, any other state or the federal government, or failure to notify PENNVEST within 15 days of any delinquent tax liability or other Commonwealth obligation of the Funding Recipient.

This provision shall apply from the date of the issuance of this Funding Offer through the Settlement Date.

Public Relations, Lobbying, Litigation

Funding Recipient agrees not to use funds provided through this offer for the purpose of public relations, outreach not directly related to project implementation, communications, lobbying or litigation costs.

On behalf of the PENNVEST Board, I Brion Johnson, am hereby authorized to make this Funding Offer.


Brion T. Johnson
Executive Director

Disclaimer

PENNVEST recognizes that there may be aspects of this offer that the applicant may need to discuss during the loan closing process. In particular, the applicant may wish to request modifications to some of the terms and conditions contained in this offer. By signing this offer, the applicant is not precluded from raising such issues and making such requests during the loan closing process. PENNVEST will consider the merits of any such issues that the applicant raises during this process.

APPENDIX G



May 28, 2020

Mr. Robert K. Fullagar
President
Twin Lakes Utilities, Inc.
485C Route One South, Suite 400
Iselin, New Jersey 08830

Re: Unsecured Revolving Promissory Notes Between Twin Lakes Utilities,
Inc. (Borrower) and Middlesex Water Company (Lender)

Dear Mr. Fullagar:

On behalf of Middlesex Water Company ("Middlesex"), this letter is in regard to the three outstanding Unsecured Revolving Promissory Notes Between Twin Lakes Utilities, Inc. ("Twin Lakes") and Middlesex. Specifically, these three notes are the Unsecured Revolving Promissory Note Between Twin Lakes and Middlesex executed in January 2016 ("First Note"), the Second Unsecured Revolving Promissory Note Between Twin Lakes and Middlesex executed on October 18, 2019 ("Second Note") and the Third Unsecured Revolving Promissory Note Between Twin Lakes and Middlesex executed on October 29, 2019 ("Third Note"). Copies of all three Notes are enclosed with this letter.

Middlesex is hereby invoking its authority under Section II. of all three Notes and demanding from Twin Lakes immediate payment of the total amounts due on all three Notes plus interest payable on the unpaid principals at the rate of 7.0% per annum. This amount totals \$2,420,398.99.

Payment on this demand is due immediately and shall be delivered by hand no later than June 8, 2020 to Middlesex Water Company, 485C Route One South, Iselin, NJ 08830, attention: Jay L. Kooper, Vice President, General Counsel & Secretary.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Bruce O'Connor', is written over a faint, larger version of the same signature.

A. Bruce O'Connor
Senior Vice President, Treasurer and
Chief Financial Officer

Attachments

cc: Dennis W. Doll (Chairman, President and CEO, Middlesex Water Company)
Jay L. Kooper (Vice President, General Counsel and Secretary, Middlesex Water Company)

APPENDIX H

TWIN LAKES
UTILITIES, INC.

A Middlesex Water Company Affiliate

May 29, 2020

Mr. A. Bruce O'Connor
Senior Vice President, Treasurer & Chief Financial Officer
Middlesex Water Company
485C Route One South, Suite 400
Iselin, New Jersey 08830

Re: Unsecured Revolving Promissory Notes Between Twin Lakes Utilities,
Inc. (Borrower) and Middlesex Water Company (Lender)

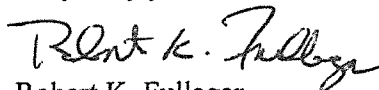
Dear Mr. O'Connor:

On behalf of Twin Lakes Utilities, Inc. ("Twin Lakes"), this letter is in response to your correspondence dated May 28, 2020 in which Middlesex Water Company ("Middlesex") demands immediate payment on the three outstanding Unsecured Revolving Promissory Notes Between Twin Lakes and Middlesex executed in January 2016, October 18, 2019, and October 29, 2019, respectively.

Specifically, Middlesex is demanding immediate payment on the three Notes in the amount of \$2,420,398.99, which Middlesex represents consists of the principal amounts on the Notes plus interest at the rate of 7.0% per annum. In your May 28, 2020 correspondence, you state on behalf of Middlesex that Twin Lakes had until June 8, 2020 to pay this amount by hand delivery to Middlesex.

Please be advised that Twin Lakes is unable to meet your \$2,420,398.99 payment demand requirements currently and does not expect to have the ability to satisfy any repayment of the three Notes including principal and any debt service thereon in the future.

Very truly yours,



Robert K. Fullagar
President

cc: Dennis W. Doll (Chairman, President and CEO, Middlesex Water Company)
Jay L. Kooper (Vice President, General Counsel and Secretary, Middlesex Water Company)

APPENDIX I



June 1, 2020

Mr. Robert K. Fullagar
President
Twin Lakes Utilities, Inc.
485C Route One South, Suite 400
Iselin, New Jersey 08830

Re: Notice of Termination of Service Agreement Between Middlesex Water Company and
Twin Lakes Utilities, Inc. Dated December 1, 2009

Dear Mr. Fullagar:

Middlesex Water Company ("Middlesex") is in receipt of your May 29, 2020 response letter in which you indicate that Twin Lakes Utilities, Inc. ("Twin Lakes") is unable to meet the payment demand tendered by Middlesex with respect to the three outstanding Unsecured Revolving Promissory Notes between Twin Lakes (Borrower) and Middlesex (Lender). In your response letter, you state that Twin Lakes does not expect to have the ability to satisfy any repayment of these Notes.

Pursuant to Section 1 of the Service Agreement Between Middlesex Water Company and Twin Lakes Utilities, Inc. dated December 1, 2009 ("Service Agreement") (copy attached), Middlesex hereby provides notice of termination of the Service Agreement with termination effective September 1, 2020 pursuant to the 90-days advance written notice provision set forth in Section 1 of the Service Agreement.

Sincerely,

A handwritten signature in cursive script that reads 'A. Bruce O'Connor'.

A. Bruce O'Connor
Senior Vice President, Treasurer and
Chief Financial Officer

cc: Dennis W. Doll (Chairman, President and CEO, Middlesex Water Company)
Jay L. Kooper (Vice President, General Counsel & Secretary, Middlesex Water Company)

TWIN LAKES
UTILITIES, INC.

A Middlesex Water Company Affiliate

June 1, 2020

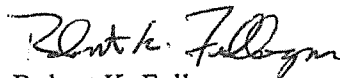
Mr. A. Bruce O'Connor
Senior Vice President, Treasurer & Chief Financial Officer
Middlesex Water Company
485C Route One South, Suite 400
Iselin, New Jersey 08830

Re: Acknowledgement of Receipt of Notice of Termination of Service Agreement Between
Middlesex Water Company and Twin Lakes Utilities, Inc. Dated December 1, 2009

Dear Mr. O'Connor:

On behalf of Twin Lakes Utilities, Inc. ("Twin Lakes"), this letter is to acknowledge receipt of Middlesex's letter dated today – June 1, 2020 – providing notice of termination of the Service Agreement Between Middlesex and Twin Lakes dated December 1, 2009. Twin Lakes' position remains unchanged from my correspondence to you dated May 29, 2020.

Very truly yours,



Robert K. Fullagar
President

cc: Dennis W. Doll (Chairman, President and CEO, Middlesex Water Company)
Jay L. Kooper (Vice President, General Counsel and Secretary, Middlesex Water Company)

APPENDIX J

TWIN LAKES UTILITIES, INC.
485C ROUTE 1 SOUTH, SUITE 400
P.O. BOX 1500
ISELIN, NJ 08830

July 14, 2020

REQUEST FOR PROPOSAL

**CONTRACT OPERATIONS & MAINTENANCE SERVICES FOR THE
TWIN LAKES UTILITIES, INC. COMMUNITY WATER SYSTEM
LOCATED IN SHOHOLA TOWNSHIP, PIKE COUNTY, PENNSYLVANIA**

Response Due Date: On or Before August 14, 2020

E-Mail Responses to:

Rebaugh@middlesexwater.com

Ray Ebaugh
302-747-1312

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Section 1- Purpose & General Background

Section 1.1 Purpose & Background

Twin Lakes Utilities, Inc., (Twin Lakes) located in Shohola Township, Pike County, Pennsylvania is soliciting proposals for the operation and maintenance ("Services") of its residential community water system, which includes water treatment facilities, storage and a distribution system (the "Water System"). Twin Lakes is seeking to establish a sustainable arrangement for the provision of safe drinking water to its customers. With this solicitation, Twin Lakes invites interested parties to propose on the provision of professional Services for the Water System. Twin Lakes intends to select from among the proposals received from Respondents the best option, which in its sole judgment provides the best value in terms of cost and assured reliability of service to its customers. The minimum term of Services acceptable to Twin Lakes is one year.

Section 1.2 – Procurement Process

1.2a. Schedule

The following is the schedule of events for the Request for Proposal (the "RFP") followed by a brief explanation of each event:

SCHEDULE

Event	Date
RFP Available	July 15, 2020
Pre-bid Meeting/Water Facility Tour*	July 23, 2020** at 9 am
Questions Submittal Deadline	July 30, 2020 at 4:00 p.m.
RFP Due Date	On or before August 14, 2020

Note: All times are Eastern Standard Time

* - Tour limited to two representatives per company because of COVID-19 limitations. Please e-mail Ray Ebaugh at the email below to confirm your attendance.

** - Other dates will be considered.

1.2b. RFP Responses and Owner Contact Information

Copies of the RFP can be obtained by e-mailing:
rebaugh@middlesexwater.com

1.2c. Questions Submittal Deadline, Inquiries and Correspondence

Questions may be submitted by email to rebaugh@middlesexwater.com by the deadline date given in Section 1.2a above. Answers to submitted questions that Twin Lakes deems to be of general interest will be sent to all parties.

Section 2 - Water System Information

Section 2.1 - Water Facility Information

Twin Lakes obtains its drinking water from a single groundwater well located on Company owned-property in the Sagamore Estates community. Raw water is withdrawn and chlorinated and then pumped from a 20,000 gallon atmospheric underground storage tank to the distribution system through a network of water mains to meet the residential needs of the area. The service area for the water system includes approximately 113 households. The well is capable of producing approximately 50 gallons per minute while maintaining 25 to 55 psi. This system does not provide fire protection

Included with the RFP are the following documents:

- Appendix I - Pumping Record, 2019
- Appendix II - Water Quality Report, 2019

2.2 – Distribution System Information

The water distribution system consists of approximately 5 miles of water main that range from 2 inch to 6 inch diameter piping. The majority of main sizes are 2, 4 and 6 inch diameter plastic and AC pipe. There are no fire hydrants and approximately 50 valves. The approximate age of the distribution system ranges from 2 to 45 years of age.

Currently, there are approximately 113 three quarter inch (¾”) Sensus meters installed within the crawl spaces of the premises. The water meters are read monthly (billed quarterly) using radio read “touch pad” technology.

2.3 - Asset Condition

The water system’s assets are the property of Twin Lakes. The existing infrastructure’s condition is as follows;

- Water treatment facility - poor
- Distribution system - poor
- Storage Water System - poor
- Valves - fair
- Meters - good

Section 3 – Twin Lakes Service Objectives

3.1 - Service Objective

Twin Lakes is requesting proposals for the operation and maintenance of its water treatment facility and distribution system with the intent of providing the residents of Twin Lakes with the most cost effective and environmentally responsible solution for the operation and maintenance

of their water system. The continued reliable delivery of high-quality drinking water to the residents is of the utmost importance to Twin Lakes. The “Contractor” meaning the Respondent selected by the Owner to provide the Services in accordance with the terms and conditions of the RFP, main objective is to continuously produce an adequate supply of potable water that meets all regulatory requirements, is free of harmful substances and is aesthetically pleasing in taste, odor, and appearance. The most recent Water Quality Report for the system is provided in Appendix II and shows that the system is in compliance with regulations.

3.2 – Asset Management Objective

As noted in the section 2.3 under asset condition, there are identified infrastructure rehabilitation and replacement needs. Twin Lakes expects any future arrangement for service delivery that it enters into will include provisions for prudent management of the assets of the water system to preserve and assure the ability to continue the delivery of safe drinking water.

Section 4 – Operations and Maintenance – Scope of Services

The Respondent shall operate and maintain the Water System on behalf of Twin Lakes in accordance with terms and conditions of this RFP and in compliance with applicable laws of Pennsylvania. Respondent shall, at all times, keep the Water System in good working order and good repair. The Respondent shall manage, operate and maintain the Water System in a professional and safe manner. The Respondent shall maintain the highest generally accepted industry and utility standards, and sound operating practice.

The Respondent must determine to its own satisfaction all activities necessary to operate and maintain the water system.

4.1 – Term of the Agreement

- The minimum term of the agreement shall be one year, with a longer term upon mutual agreement between the Respondent and Twin Lakes.

4.2 - Contractor’s Scope of Services

The Contractor will be responsible for the following:

4.2a. – General

- Operating and maintaining the Water System continuously, twenty-four (24) hours per day seven (7) days per week including holidays, in a professional and safe manner.
- Contractor, at its own expense, is responsible for undertaking, managing and completing routine maintenance, preventative maintenance and predictive maintenance.
- Assume the responsibility for all operating and maintenance expenses of the system.
- Operating, maintaining and repairing the supply, pumping, treatment and distribution systems.
- Provide timely communication with Twin Lakes’ management.

- Provide Licensed Operator and water quality compliance laboratory services; includes sampling, analysis, monitoring and reporting.
- Provide maintenance, repair and replacement of equipment and instrumentation.
- Other responsibilities requiring particular expertise, experience and the ability to assume complete control of the operation and maintenance of the Water System and related services.
- Exercise valves annually.
- Contractor, at its own expense shall purchase all utilities, services, supplies and all other consumable items necessary to operate and maintain the water facility in accordance with the Agreement and applicable law. These Contractor expenses shall include, without limitation, the removal, transportation and disposal of all spoils generated by repairs to the water system, chemicals, laboratory supplies, janitorial supplies, landscaping services, trash and snow removal, instrumentation calibration, software, storage media, office supplies, electricity, generator service, telephone and telemetry, alarm services, security services and devices, gasoline, diesel and other fuels, laboratory sampling and testing, advertising, public relations costs, safety supplies and consumable items, uniforms, uniform cleaning, wireless phones/radios pagers and paging services.
- Undertake and complete, as applicable, grounds keeping, snow removal, trash removal, janitorial services and all cleaning of the floors, walls, pipes, windows, vehicles and equipment.

4.2b. - Meter Reading

- The Contractor is responsible for reading the production meter and recording the readings daily in the log book provided at the Facility.
- All flow meters and monitoring instrumentation shall be calibrated annually or more frequently if necessary by the Contractor.

4.2c. - Billing & Collections

- Not applicable.

4.2d. - Customer Service

The Contractor shall:

- Provide 24 hours a day/7 days a week response to emergencies transferred by the Twin Lakes' customer call center to [Contractor or Respondent].
- Provide Twin Lakes with an emergency notification phone number that is staffed 24 hours per day, every day, by the Contractor.
- Provide standard industry responses to non-emergency inquiries transferred by the Twin Lakes' customer call center to Contractor or Respondent.
- Maintain an on-call system for its employees.
- Contractor shall interact with all Twin Lakes' customers and stakeholders, as well as the general public, in a professional, responsive and courteous manner.

4.2e. – Staffing

The Contractor shall:

- Pay for all labor costs for its personnel and/or sub-contractors including, but not limited to, salaries, wages, overtime, payroll taxes, benefits and insurance of any type.
- Be responsible for supplying staff with all tools, equipment, personal protective equipment, uniforms, communication devices and computer equipment necessary to perform daily operations and reporting.
- Provide a listing of the specific individual(s) assigned to Twin Lakes and provide the background and experience of those individuals.

4.2f. - Training

- Provide ongoing training and education for its employees providing Services in all areas of process control, operation, maintenance, safety and laboratory practices.

4.2g. - Plan Development

- Review the existing operating plan for the Water System and provide any variations proposed by the Respondent.

4.2h. - Regulatory Compliance

- Compliance monitoring - Contractor shall conduct, at its own expense, all regulatory monitoring, sampling and analysis and prepare and submit all regulatory reports and correspondence with regulatory agencies within their specified time period and submission dates. (Occupational Safety and Health Administration (OSHA), Pennsylvania Department of Environmental Protection (PADEP), Pennsylvania Public Utilities Commission (PAPUC), and other regulatory agencies as needed.)
- Report all violations of applicable law including all Notices of Violation to Twin Lakes and, as required, all other governmental authorities including state and federal agencies and, if necessary, all other organizations, agencies, persons and entities required in the Emergency Management Plan.
- Maintain operation and maintenance logs in accordance with applicable law & permit requirements including a separate log for the maintenance and repair of major equipment and instrumentation.
- Responsible for monitoring, sampling and analyzing for the purpose of preparing all required regulatory reports.
- Liaison to all relevant regulatory agencies.
- Acceptance of liability for violations of all applicable law.

4.2i. - Capital Improvements

- Coordinate activities with those of any contractors or other third parties retained by the Twin Lakes to upgrade, modify or expand the Water System.

Section 5 - Proposal Submissions and Evaluation

Submission Requirements: Proposers shall e-mail their proposal on or before Friday, August 14, 2020 to rebaugh@middlesexwater.com

A pre-proposal meeting will be held at 9 a.m. on July 23, 2020 at Twin Lakes located at 101 Sagamore Rd, Shohola, PA 18458. A tour of the Water System will follow the meeting.

5.1 - Evaluation, Ranking and Negotiations

The proposals will be evaluated and ranked on the basis of the following evaluation criteria:

- Qualifications
- Responsiveness of Business Information
- Operating Plan
- Experience
- Other

5.2 - Qualifications

Firms must provide the information below in demonstration of their qualifications for providing the desired Services.

5.3 - Business Information

- Number of years in business under present name; other names under which the firm has operated.
- Clearly identify the entity making the proposal.
- Identify key staff to be assigned to this project, if selected, and associated qualifications.

5.4 - Experience of the Firm

- State the number of years that the Firm has been engaged in the provision of Services described in this RFP.
- Describe the Respondent's specific and relevant experience related to the scope of Services requested herein.
- Describe Respondent's depth and resources which would also be available for the benefit of Twin Lakes.
- Identify and describe the qualifications of the individual/team with primary responsibility for oversight of Service delivery.

Section 6 - Evaluation Parameters

6.1 – Evaluation

Request for Proposal – Twin Lakes Utilities, Inc.

Proposals will be based on the best combination of the parameters listed in Sections 5.1 thru 5.4.

Section 7 – General Location Information

The project is located at 101 Sagamore Rd, Shohola, PA 18458. Please see the site map located in Appendix V.

Appendix I – Water Pumped for Calendar Year 2019

Approximately 18 million gallons are pumped out of the aquifer annually.

Appendix II – Twin Lakes 2019 Water Quality Report

Request for Proposal – Twin Lakes Utilities, Inc.

To View the 2019 Water Quality Report, use the following link:

<https://www.middlesexwater.com/twin-lakes-utilities-inc/>

Click on “View Twin Lakes Water Quality Report”

Appendix III – Operation Expenses

Twin Lakes – Operating Expenses

Request for Proposal – Twin Lakes Utilities, Inc.

Purchased Power	\$11,255
Chemicals	\$ 3,366
Lab Testing & Analysis	\$ 6,578
Materials & Supplies	\$12,425
Purchased Services	\$ 6,525
Pest Control	\$ 74
Telephone/internet	\$ 1,902
On Call Service	\$ 98
All Other	\$ 6,749
Total	\$48,972

Approximate # of hours for 420
daily operations per year,
including management oversight

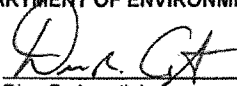
Appendix IV – Operations Permit

3800-FM-WSWM0043 Rev. 6/2001

DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER SUPPLY AND WASTEWATER MANAGEMENT

PUBLIC WATER SUPPLY PERMIT

NO. 2520051

<p>A. PERMITTEE (Name and Address)</p> <p>Twin Lakes Utilities, Inc. Middlesex Water Company 1500 Ronson Road Iselin, N.J. 08830</p>	<p>B. PROJECT/PLANT LOCATION</p> <p>Municipality <u>Shohola Township</u></p> <p>County <u>Pike</u></p>			
<p>C. THIS PERMIT APPROVES FOR: 1. <input type="checkbox"/> CONSTRUCTION AS INDICATED BELOW: 2. <input checked="" type="checkbox"/> OPERATION OF FACILITIES Approved Under Construction Permit No. <u>NA</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top; padding: 5px;"> <p>Source</p> <p><input type="checkbox"/> Well(s) <input type="checkbox"/> Spring(s) <input type="checkbox"/> Surface Water <input type="checkbox"/> Finished Water</p> </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> <p>Facilities</p> <p><input type="checkbox"/> Impoundment <input type="checkbox"/> Settling <input type="checkbox"/> Filtration <input type="checkbox"/> Iron and Manganese Treatment <input type="checkbox"/> Softening <input type="checkbox"/> Fluoridation <input type="checkbox"/> Distribution Facility</p> </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> <p>BVRB</p> <p><input type="checkbox"/> Bottled Water System <input type="checkbox"/> Bulk Water Hauling System <input type="checkbox"/> Vending Water System <input type="checkbox"/> Retail Water Facility</p> </td> </tr> </table> <p>KNOWN AS <u>4-Log Disinfection @ EP-101 (Well Nos. 1 & 2)</u></p>		<p>Source</p> <p><input type="checkbox"/> Well(s) <input type="checkbox"/> Spring(s) <input type="checkbox"/> Surface Water <input type="checkbox"/> Finished Water</p>	<p>Facilities</p> <p><input type="checkbox"/> Impoundment <input type="checkbox"/> Settling <input type="checkbox"/> Filtration <input type="checkbox"/> Iron and Manganese Treatment <input type="checkbox"/> Softening <input type="checkbox"/> Fluoridation <input type="checkbox"/> Distribution Facility</p>	<p>BVRB</p> <p><input type="checkbox"/> Bottled Water System <input type="checkbox"/> Bulk Water Hauling System <input type="checkbox"/> Vending Water System <input type="checkbox"/> Retail Water Facility</p>
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<p>PERMIT ISSUED</p> <p>Date <u>April 8, 2011</u></p>	<p>DEPARTMENT OF ENVIRONMENTAL PROTECTION</p> <p>By <u></u> Dino R. Agustini Title <u>Environmental Program Manager</u> Water Supply Management Program</p>			

Twin Lakes Utilities, Inc.
Middlesex Water Company
Shohola Township, Pike County

Public Water Supply Permit No. 2520051

SPECIAL CONDITIONS




1. The instantaneous maximum flow through the well 1-2 facility, Entry Point 101, shall not exceed 70 gallons per minute.
2. The peak flow from the 20,000 gallon storage tank shall not exceed 170 gallons per minute at Entry Point 101.
3. A minimum chlorine residual of 0.42 mg/l shall be maintained at Entry Point 101, every day the well (1-2) facility is in use.

3808-FM-WSWM00-03 Rev. 6/2001

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER SUPPLY AND WASTEWATER MANAGEMENT

PUBLIC WATER SUPPLY PERMIT

NO. 2520051

<p>A. PERMITTEE (Name and Address)</p> <p>Twin Lakes Utilities, Inc. c/o Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830</p>	<p>B. PROJECT/PLANT LOCATION</p> <p>Municipality <u>Shohola Township</u> County <u>Pike</u></p>															
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THIS PERMIT APPROVES FOR AS INDICATED BELOW:</p> <p>1. <input type="checkbox"/> CONSTRUCTION 2. <input checked="" type="checkbox"/> OPERATION OF FACILITIES Approved Under Construction Permit No. _____</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; border: none;">Source</th> <th style="text-align: left; border: none;">Facilities</th> <th style="text-align: left; border: none;">BVRB</th> </tr> </thead> <tbody> <tr> <td style="border: none; vertical-align: top;"> <input checked="" type="checkbox"/> Well(s) <input type="checkbox"/> Spring(s) <input type="checkbox"/> Surface Water <input type="checkbox"/> Finished Water </td> <td style="border: none; vertical-align: top;"> <input type="checkbox"/> Impoundment <input type="checkbox"/> Settling <input type="checkbox"/> Filtration <input type="checkbox"/> Iron and Manganese Treatment <input type="checkbox"/> Softening <input type="checkbox"/> Fluoridation <input checked="" type="checkbox"/> Distribution Facility </td> <td style="border: none; vertical-align: top;"> <input type="checkbox"/> General Corrosion Control <input type="checkbox"/> Corrosion Control for Lead/Copper <input checked="" type="checkbox"/> Disinfection <input checked="" type="checkbox"/> Pump Station(s) <input type="checkbox"/> Transmission Lines <input checked="" type="checkbox"/> Finished Water Storage <input type="checkbox"/> Other _____ </td> </tr> <tr> <td style="border: none; vertical-align: top;"> <input type="checkbox"/> Bottled Water System <input type="checkbox"/> Bulk Water Hauling System <input type="checkbox"/> Vending Water System <input type="checkbox"/> Retail Water Facility </td> <td colspan="2" style="border: none; vertical-align: top; padding-top: 10px;"> <p>KNOWN AS <u>Sagamore Estates</u></p> </td> </tr> <tr> <td colspan="3" style="text-align: center; padding: 10px;"> <p>LIMIT OF AUTHORIZATION</p> <p>YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109, OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.</p> <p>THE PLANS, SPECIFICATIONS, REPORTS AND SUPPORTING DOCUMENTS SUBMITTED AS PART OF THE PERMIT APPLICATION BECOME PART OF THE PERMIT.</p> <p>NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.</p> <p>THIS PERMIT IS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43), OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.</p> <p>THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS NA.</p> </td> </tr> <tr> <td colspan="2" style="padding: 5px;"> <p>PERMIT ISSUED</p> <p>Date <u>February 17, 2010</u></p> </td> <td style="padding: 5px;"> <p>DEPARTMENT OF ENVIRONMENTAL PROTECTION</p> <p>By <u></u> Dino R. 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5278501

Bureau of Water Quality Management
Wilkes-Barre Regional Office
90 East Union Street - 2nd Floor
Wilkes-Barre, Pa. 18701
July 13, 1978

Public Water Supply Permit No. 5278501
Deabel, Inc. (Sagamore Estates)
Shoshola Township
Pike County

Deabel, Inc.
c/o Mr. Frank Coppocelli, President
104 West High Street
Milford, Pa. 18337

Gentlemen:

Subject permit is enclosed.

We have also enclosed a copy of the Regulations for Public Water Supplies, which we believe is self-explanatory.

Please study the permit carefully and direct any questions to the Facilities Section of this office, at (717) 826-2555.

Very truly yours,

Lawrence A. Farish
Regional Water Quality Manager

LAF:hy

Enclosures - Permit
Regulations for Public Water Supplies

cc: File
Program Services
Fred C. Shoensgel, Jr., P.E.
L.D.#1, Box 380
Greentown, Pa. 18426

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES

WATER SUPPLY PERMIT

NO. 5278501

<p>A. PERMITTEE (Name and Address) Deseal, Inc. c/o Mr. Frank Coppotelli, President 104 West High Street Hillford, Pa. 18337</p>	<p>B. PROJECT LOCATION SERVING WATER TO THE PUBLIC WITHIN: Municipality <u>Shohola Township</u> County <u>Delco</u></p>		
<p>C. THIS PERMIT APPROVES FOR: 1. <input checked="" type="checkbox"/> Use as Source of Supply 2. <input checked="" type="checkbox"/> Construction 3. <input checked="" type="checkbox"/> Operation</p>			
<p>AS INDICATED BELOW:</p> <table style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>4. Source</p> <p><input checked="" type="checkbox"/> Well(s) <input type="checkbox"/> Spring(s) <input type="checkbox"/> Stream <input type="checkbox"/> Lake</p> </td> <td style="width: 50%; vertical-align: top;"> <p>5. Facilities</p> <p><input type="checkbox"/> Impoundment <input type="checkbox"/> Settling <input type="checkbox"/> Filtration <input type="checkbox"/> Ion Removal <input type="checkbox"/> Softening</p> </td> </tr> </table>		<p>4. Source</p> <p><input checked="" type="checkbox"/> Well(s) <input type="checkbox"/> Spring(s) <input type="checkbox"/> Stream <input type="checkbox"/> Lake</p>	<p>5. Facilities</p> <p><input type="checkbox"/> Impoundment <input type="checkbox"/> Settling <input type="checkbox"/> Filtration <input type="checkbox"/> Ion Removal <input type="checkbox"/> Softening</p>
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<p>6. Facilities</p> <p><input checked="" type="checkbox"/> Disinfection <input checked="" type="checkbox"/> Pump Stations <input checked="" type="checkbox"/> Transmission Lines <input checked="" type="checkbox"/> Distribution Storage <input checked="" type="checkbox"/> Distribution System</p>			
<p>KNOWN AT <u>Well #2 (primary source) and Well #1 - for Seneca Reserves</u></p>			
<p>YOU ARE HEREBY AUTHORIZED TO USE AS SOURCES OF SUPPLY, CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 106, ARTICLE II, OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL RESOURCES OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.</p> <p>NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATER SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.</p> <p>THIS PERMIT IS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL RESOURCES UNDER THE AUTHORITY OF THE ACT OF APRIL 23, 1903 (P.L. 280), AS AMENDED AND SECTION 2106 OF THE ADMINISTRATIVE CODE OF 1929, THE ACT OF APRIL 9, 1938 (P.L. 173), AS AMENDED.</p>			
<p>PERMIT ISSUED Date <u>July 13, 1970</u></p>	<p>DEPARTMENT OF ENVIRONMENTAL RESOURCES By <u>Lawrence A. Pavlush</u> Title <u>Regional Water Quality Manager</u></p>		

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES
BUREAU OF WATER QUALITY MANAGEMENT

For Department Use Only

INTERNAL REVIEW AND RECOMMENDATIONS

NAME OF APPLICANT <u>Dashel, Inc.</u>	PROJECT LOCATION <u>Shohola Township Pike County</u>	APPLICATION NUMBER <u>1278101</u>
---------------------------------------	--	-----------------------------------

BRIEF DESCRIPTION OF PROJECT AND DISCUSSION (Use Additional Sheets if Necessary)

This project provides for the operation of a public water supply to service Saganore Estates in Shohola Township.

The potable water will be supplied by two wells.

Well #2 is the primary source of supply, 50 gpm, 250 feet deep with a six inch casing. Well #1 is 20 gpm and is approximately 210 feet deep.

The water from these wells is to be pumped to a 21,350 gallon steel epoxy lined underground storage tank. The water from this storage tank will be pumped by a 170 gpm variable speed booster pump.

A standby booster pump (100 gpm centrifugal pump) will be used initially until the variable speed pump is delivered.

This project also involves the construction of 100 feet of 3" and 1,000 feet of 6" plastic pipe from the new storage tank to the existing system.

Disinfection will be accomplished by calcium or sodium hypochlorite and it will be added prior to the storage tank. The chem's and bact'l's indicate that the water quality prior to disinfection is of suitable quality for drinking.

- continued -

CURRENT ESTIMATE OF COMPLETION DATE OF PROJECT (Industrial Wastes Only)

RECOMMENDATION AND ACTION				
Approve - Issued By Region	Approve - Issued By Control Office	Status	Signature	Date
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	REVIEWING ENGINEER <i>[Signature]</i>	7/13/78
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	REGIONAL FACILITIES ENGINEER <i>[Signature]</i>	7/13/78
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	REGIONAL ENGINEER/WATER QUALITY MANAGER <i>[Signature]</i>	7/13/78
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DIVISION FACILITIES ENGINEER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DIVISION CHIEF	

PERMIT CONDITIONS:

1. STANDARD -

2. SPECIAL (Use Additional Sheets if Necessary) -

5278501

-2-

Public Water Supply Permit No. 5278501
Deibel, Inc. (Sagamore Estates)
Shohola Township
Pike County

July 13, 1978

INTERNAL REVIEW AND RECOMMENDATIONS

Well #1 will have the casing extended 7 feet above its present level (bottom of well pit) to make it 18" above ground level. A sump pump is to be placed in the bottom of the pump house.

Since these wells were constructed many years ago, a pump test and driller's log was not available.

There does not appear to be any surface contamination based in the water quality data submitted.

The applicant has applied for a PUG Certificate of public convenience.
It is recommended that the permit application be approved.

Appendix V – Project Location Map



APPENDIX K

TWIN LAKES
UTILITIES, INC.

A Middlesex Water Company Affiliate

June 10, 2020

Mr. Paul Diskin
Director
Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Mr. Richard Kanaskie
Director and Chief Prosecutor
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Ms. Tanya McCloskey
Acting Consumer Advocate
Pennsylvania Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Re: Twin Lakes Utilities, Inc. – Notice of Termination of Service Agreement
Between Middlesex Water Company and Twin Lakes Utilities, Inc.

Dear Messrs. Diskin and Kanaskie and Ms. McCloskey:

Twin Lakes Utilities, Inc. (“Twin Lakes” or “the Company”) is a public utility and jurisdictional water company as those terms are defined in the Pennsylvania Public Utility Code, 66 Pa. C.S. §102. Twin Lakes submits this letter to inform Pennsylvania Public Utility Commission (the “Commission” or “PAPUC”) Staff and the Pennsylvania Office of Consumer Advocate (“OCA”) that the Company has lost its sole source of financial investment support and will lose its sole source of operational support effective September 1, 2020. Because of these losses, it is highly unlikely that Twin Lakes will be able to continue serving its 115 currently active residential customer accounts located in the Sagamore Estates community located in Shohola Township, Pike County Pennsylvania. For this reason, Twin Lakes again recommends that the Commission, on its own motion, initiate an investigation under Section 529 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §529, and ultimately direct the acquisition of Twin Lakes by a “capable public utility” as defined by and pursuant to Section 529.

Background

Twin Lakes currently provides water service to 115 residential customers in the Sagamore Estates community located in Shohola Township, Pike County, Pennsylvania. Twin Lakes is a wholly-owned subsidiary of Middlesex Water Company (“Middlesex”) and Middlesex acquired this system in 2009.

Twin Lakes’ sole source of equity capital, debt financing and primary operations support is Middlesex. Twin Lakes is a classic small water utility challenge in that it is unable to establish a credit arrangement at any reasonable cost with any financial institution as a stand-alone entity. This is due to Twin Lakes’ inability to demonstrate that it has the net income and cash flow to adequately support debt repayment. Twin Lakes’ parent company, Middlesex, made equity investments in, and extended credit to, Twin Lakes in order to maintain service for the Twin Lakes customers since 2009. This capital was provided under an assumption that the PAPUC would provide sufficient rate relief to not only sustain operations but also, to service the Company’s debt and provide a fair return to the equity investor. Middlesex has continued to finance Twin Lakes even though it has no legal or regulatory obligation to provide financial or operational support to the Twin Lakes customers.

Middlesex has extended financial credit to Twin Lakes through three outstanding Unsecured Revolving Promissory Notes, the first executed in January 2016, the second executed on October 18, 2019, and the third executed on October 29, 2019. All three Promissory Notes provide Middlesex with the right as Lender to demand payment from Twin Lakes as Borrower the total amount due on the Notes together with interest payable on the unpaid principal at the rate of 7.0% per annum. Copies of the three Notes are attached to this letter as Appendix A.

Middlesex provides operations support to Twin Lakes through a Service Agreement executed between Middlesex and Twin Lakes dated December 1, 2009. Under the terms of the Service Agreement, Middlesex provides operations support for Twin Lakes including, but not limited to: Customer Service, Accounting, Administration, Communications, Corporate Secretarial, Engineering, Financial, Human Resources, Information Systems, Operations, Rates and Revenue, Risk Management and Water Quality. Per the Service Agreement, either party may terminate the Agreement by giving the other party 90 days advance written notice. A copy of the Service Agreement is attached to this letter as Appendix B.

Soon after Twin Lakes began operating the system, it became apparent that the condition of the assets was significantly poorer than had been represented by the former owner, or had been visible from the inspection and assessment that was part of the due diligence work performed. As the Commission stated in its March 26, 2020 Opinion and Order¹ in Twin Lakes’ most recently concluded base rate case: “Twin Lakes maintains a water distribution system consisting of: one functional well (Well No. 2); one non-functional well (Well No. 1); a small treatment/pumping station with an integral atmospheric 20,000 gallon storage tank; approximately 3.7 miles of water main of various diameters; and, an approximate combined 120 active and inactive services.”²

¹ *Pennsylvania Public Utility Comm’n et al. v. Twin Lakes Utilities, Inc.*, Opinion and Order, Docket No. R-2019-3010958 (Pa. P.U.C. Mar. 26, 2020) (“Twin Lakes Rate Case Order”).

² Twin Lakes Rate Case Order at 4.

Over the past decade, Twin Lakes representatives have met on several occasions, at the Company's request with representatives of the Commission and OCA. The Company has also met with the Sagamore Estates Property Owners Association to discuss the challenges of operating this system. On numerous occasions, Twin Lakes representatives have stated that the current financial and operational arrangements for Twin Lakes were unsustainable. Twin Lakes has reiterated and underscored this assessment in three rate cases before the Commission, first in 2011 (Docket No. R-2011-2246415), again in 2015 (Docket No. R-2015-2506337) and most recently in 2019 (Docket No. R-2019-3010958).

The 2019 Twin Lakes Rate Case

On March 26, 2020, the Commission issued the Twin Lakes Rate Case Order, approving an annual increase of \$117,374 (87.91%) compared to Twin Lakes' requested annual increase of \$211,793 (158.63%). As the Commission noted, Twin Lakes sought its requested rate increase as a reflection of "the business challenges the Company currently faces, including required investments in the repair/replacement or improvement of the distribution system; and the high costs associated with maintaining a distribution system while serving a small customer base."³ Part of the Commission's basis for approving a rate increase far below the level requested by Twin Lakes was "the concerns with affordability of rates of customers."⁴

In addition, the Commission rejected recommendations made by both Twin Lakes and the OCA to initiate a Section 529 proceeding to determine whether the Commission should direct a "capable public utility," as that term is defined in Section 529 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §529, to acquire Twin Lakes. The Commission's reasons for its rejection of these recommendations were twofold: "Based on the Company's increased revenue via the rate increase granted in this proceeding, and the record evidence of Twin Lakes' prospective opportunity to secure PENNVEST loans for the necessary improvements, we conclude that initiation of a Section 529 proceeding is not warranted *at this time*."⁵

PENNVEST Application

On August 7, 2019, Twin Lakes submitted an application to PENNVEST for grants and/or loans to finance system improvements for the Twin Lakes system. On January 29, 2020, Twin Lakes was notified that PENNVEST had approved a grant of \$4.66 million. Subsequently, Twin Lakes concluded that an award of a PENNVEST grant would be considered a Contribution In Aid of Construction (CIAC) that is subject to income tax under the Tax Cuts and Jobs Act of 2017. Therefore, an award of a PENNVEST grant of \$4.66 million would carry with it an income tax liability of approximately \$1.358 million, all properly recoverable from Twin Lakes' customers under the PAPUC rate setting compact.

³ Twin Lakes Rate Case Order at 5.

⁴ *Id.* at 73 (quoting the Recommended Decision of Administrative Law Judge Marta Guhl at 87).

⁵ *Id.* at 64 (emphasis added).

Given the Commission's decision in the Twin Lakes Rate Case Order, basing its final decision in part on affordability of rates, there will exist an increased concern with the imposition of a significant income tax burden on Twin Lakes' customers should Twin Lakes accept the PENNVEST grant award. This burden would be in addition to the significant remaining investment required for various capital improvements. The tenor of the Twin Lakes Rate Case Order issued on March 26, 2020 provides Twin Lakes with zero assurance that this significant tax burden would be recoverable in customers' rates given the PAPUC's clearly stated views on affordability.

Demand for Payment of Promissory Notes Held by Middlesex

On May 28, 2020, Middlesex issued a letter to Twin Lakes demanding Twin Lakes' immediate payment of the total amounts due on the three outstanding Unsecured Revolving Promissory Notes between Middlesex as Lender and Twin Lakes as Borrower. A copy of Middlesex's payment demand is attached to this letter as Appendix C.

On May 29, 2020, Twin Lakes issued a letter to Middlesex responding to this payment demand. In this response letter, Twin Lakes stated that it was unable to meet Middlesex's payment demand requirements and did not expect to have the ability to satisfy any repayment of the three outstanding Notes. A copy of Twin Lakes' letter response is attached to this letter as Appendix D.

The obvious practical impact of these repayment demands is that Middlesex no longer provides any form of financial support effective May 28, 2020. Twin Lakes' sole source of funding for its working capital and infrastructure needs will be customer receipts from billings. In addition, Twin Lakes' inability to demonstrate that it has the net income and cash flow to adequately support debt repayment will further render it impossible to establish a credit arrangement with any financial institution as a stand-alone entity. Twin Lakes will also not be able to accept an award of a \$4.66 million PENNVEST grant without imposing a \$1.358 million income tax burden on the Company's 115 active residential customer accounts.

Notice of Termination of Service Agreement Between Middlesex and Twin Lakes

On June 1, 2020, Middlesex issued a letter notice of termination of the Service Agreement between Middlesex and Twin Lakes, advising that pursuant to section 1 of the Service Agreement, the termination would become effective on September 1, 2020. On that same date, June 1, 2020, Twin Lakes issued a letter to Middlesex confirming receipt of Middlesex's notice of termination. Both letters are attached to this letter as Appendix E.

With the termination of the Service Agreement and the end of financial support, Twin Lakes will no longer have a source of equity capital, debt financing or operations support and therefore, will likely not have the ongoing financial capability to pay its vendors for basic needs associated with delivering water service in the near term. At that time, without a qualified Licensed Operator and/or without adequate financial support, Twin Lakes will unfortunately have no possible means to maintain water quality or distribute water of any quality to its customers and therefore, water service will likely cease.

Separate and apart from the fact that as of September 1, 2020 Twin Lakes may no longer have a Licensed Operator, the following chart details the Company's projected cash deficiency position leading up to the service termination on September 1, 2020:

	/-----Projected Cash Flow-----\			
	05/31/20	06/30/20	07/31/20	08/31/20
Cash Balance - Beginning		\$ 17,944	\$ (955)	\$ (2,467)
Inflows - Billing Receipts		4,000	21,647	7,216
Outflows – Expenses ⁽¹⁾		(22,899)	(23,159)	(23,616)
Cash Balance - Ending	\$ 17,944	\$ (955)	\$ (2,467)	\$ (18,867)

(1) Includes operating & debt service expenditures

Conclusion

For the above reasons, Twin Lakes respectfully submits that current circumstances more than warrant Commission initiation of a Section 529 proceeding and, ultimately, acquisition of Twin Lakes by a "capable public utility" as defined by and pursuant to Section 529 of the Pennsylvania Public Utility Code without further delay.

Very truly yours,



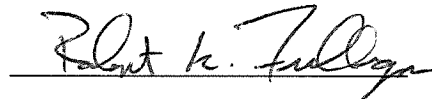
Jay L. Kooper
Secretary
Twin Lakes Utilities, Inc.

cc: Chairwoman Gladys Brown Dutrieuille (PAPUC)
 Vice Chairman David W. Sweet (PAPUC)
 Commissioner John F. Coleman, Jr. (PAPUC)
 Commissioner Ralph V. Yanora (PAPUC)
 Executive Director Seth Mendelsohn (PAPUC)
 Christine Hoover, (Senior Assistant Consumer Advocate, OCA)
 Mary Ann Seese (Water Supply Specialist, Pennsylvania Dept. of Environmental Protection)
 Sean Kemether, Esq. (Board Chairman – Sagamore Estates Property Owner's Association)
 Jason Ohliger, Esq. (Shohola Township Solicitor)
 Dennis W. Doll (President and CEO, Middlesex Water Company)
 A. Bruce O'Connor (Senior Vice President, Treasurer and CFO, Middlesex Water Company)
 Robert K. Fullagar (President, Twin Lakes Utilities, Inc.)
 John J. Gallagher, Esq.

VERIFICATION

I, Robert K. Fullagar, President of Twin Lakes Utilities, Inc., hereby state that the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter.

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

A handwritten signature in black ink, reading "Robert K. Fullagar", written over a horizontal line.

Robert K. Fullagar

Date: July 16, 2020

VERIFICATION

I, A. Bruce O'Connor, Vice President and Treasurer of Twin Lakes Utilities, Inc., hereby state that the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter.

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

A handwritten signature in cursive script, appearing to read "A. Bruce O'Connor", written over a horizontal line.

A. Bruce O'Connor

Date: July 16, 2020

CERTIFICATE OF SERVICE

I, Jay L. Kooper, Secretary of Twin Lakes Utilities, Inc., hereby certify that I have this day served a true copy of the foregoing documents upon the parties, listed below, by electronic mail in accordance with requirements of §1.54 (relating to serve by a party as amended the Emergency Order issued by the Pennsylvania Public Utility Commission on March 20, 2020 in Docket No. M-2020-3019262.

VIA ELECTRONIC MAIL

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Jay L. Kooper

Secretary
Twin Lakes Utilities, Inc.
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Iselin, NJ 08830

Date: July 16, 2020