

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of Valley Township
66 Pa. C.S. § 1329
Application Filing Checklist – Water/Wastewater
Docket No. A-2020-3020178**

25. Provide a copy of all municipal and affiliate contracts to be assumed by buyer as part of the acquisition and a list and annual dollar value of other contracts.

SECOND AMENDED RESPONSE:

See a copy of all municipal, affiliate and other contracts to be assumed by PAWC as part of the acquisition in the attachment as **Second Amended Appendix A-25-a**. Please see below a listing and dollar value of other contracts. Other contracts are attached as **Appendix A-25-b**.

Municipal and Affiliate Contracts¹

Name of Contract	Parties to Contract	Date of Contract	Subject
Sewage Conveyance Agreement	City of Coatesville and Valley Township	January 7, 1992	Conveyance of Sanitary Sewer
Addendum to Sewage Conveyance Agreement	City of Coatesville and Valley Township	July 18, 1995	Amends January 7, 1992 Agreement
Sewage Treatment Agreement	City of Coatesville and Valley Township	January 7, 1992	Treatment of Sewer Flows
Addendum to Sewage Treatment Agreement	City of Coatesville and Valley Township	September 16, 1997	Amends January 7, 1992
Second Addendum to Sewage Treatment Agreement	Pennsylvania-American Water Company and Valley Township	December 14, 2004	Amends Sewage Treatment Agreement and Expands Capacity
Sewage Conveyance Agreement	Pennsylvania-American Water Company and Valley Township	March 3, 2012	Conveyance of Sanitary Sewer
Sewer Main Extension Agreement	Pennsylvania-American Water Company, DHLP-Oakcrest, LP and Valley Township	March 7, 2006	Sewer Service Supply Contract
Sewer Conveyance Agreement	Pennsylvania-American Water	January 5, 2009	Conveyance of Sanitary Sewer

¹ Please note, Municipal and Affiliate contracts that are between City of Coatesville Authority (“CCA”), Pennsylvania-American Water Company (“PAWC”) and Valley Township will be deemed moot after the closing of this acquisition. This is due to PAWC acquiring CCA in 2001 and soon to be acquiring Valley Township.

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	Company and Valley Township		
Agreement	Valley Township and Sadsbury Township	November 15, 2001	Assignment of 2800 West Lincoln Highway as Sewage Customer
Sewage Conveyance Agreement	City of Coatesville Authority and Valley Township	1992	West Caln Connection

List of Other Contracts and Annual Dollar Value

Name of Contract	Parties to Contract	Date of Contract	Subject	Annual Dollar Value
Agreement for Undergrad Sanitary Sewer Forcemain Occupation	Consolidated Rail Corporation and Valley Township	August 25, 1998	Use of Conrail's Property	\$0

SEWAGE CONVEYANCE AGREEMENT

East Fallowfield Connection, Mt. Carmel Road

THIS AGREEMENT, is made on 7th day of January, 199²1,
between the CITY OF COATESVILLE AUTHORITY, Chester County,
Pennsylvania (CCA) and VALLEY TOWNSHIP, Chester County,
Pennsylvania (hereinafter referred to collectively as Township).

WHEREAS, CCA is a municipal corporation, organized and
existing under the laws of the Commonwealth of Pennsylvania, and
owns and operates a sewage treatment plant for service providing
public sewer service to various municipalities in and near the
City of Coatesville; and

WHEREAS, the Township is also a municipal corporation,
organized and existing under the laws of the Commonwealth of
Pennsylvania, and provides sewage collection service to
residential, commercial, and industrial users within the Township
connecting its collection system to CCA's sewage treatment plant
so that sewage and industrial wastes discharged by said users may
be received in said plant for treatment and disposal; and

WHEREAS, CCA and the Township have pending the execution of
a new Sewage Treatment Agreement between the municipalities, to
replace existing Sanitary Sewage Agreements reached between The
City of Coatesville and the Township, and the City of Coatesville
and Coatesville Sewage Plant Authority and the Township, as cited
in the pending Sewage Treatment Agreement.

NOW THEREFORE, it is agreed as follows:

ARTICLE I - DEFINITIONS.

The terms defined in this Article, wherever used or referred to in this Agreement, shall have the following respective meanings unless a difference clearly appears from the context.

Average Daily Flow - Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to a point during a ninety (90) day period of time, and dividing by ninety (90) days.

Cost of Operation and Maintenance - A term used in the calculation of conveyance cost of jointly used sewage facilities in Valley Township. All costs incident to the operation of sewage collection lines and pumping stations which are commonly used by the parties for the conveyance of sewage from and by Valley Township as well as the conveyance of sewage through Valley Township by CCA, said operation to be performed in an efficient and economical manner and leading to the maintenance thereof in a state of good repair during such period. Such costs shall include the cost of all maintenance labor, repairs, normal recurrent replacements, and reconstruction (repairs to basic construction) as may be necessary, all taxes, engineering, legal and superintendence expenses, and casualty and other insurance premiums during the previous calendar year divided by four (4) for the purpose of calculating quarterly billing.

Domestic Waste - Customary wastes from kitchens, water closets, lavatories and laundries.

Industrial Waste - The liquid waste or liquid borne waste resulting from the processing employed by an industrial user, whether treated or untreated, is discharged into the Treatment Works.

Point of Connection - Point or points at which CCA receives and conducts sanitary sewage or industrial waste from the Township's system to a point for treatment or disposal or where the Township receives sanitary sewage from CCA for conveyance through the Township's system.

Sanitary Sewage - All water-carried domestic waste from residences, offices, hotels, stores, restaurants, commercial establishments, industrial establishments, and similar users within the Township.

Slug - Any sanitary sewage discharge which, for a period of fifteen minutes, shall exceed five times the average daily flow. The term particularly applies to the sudden emptying of large vats, tanks or swimming pools into the sewerage system.

Treatment Plant - Existing sewage treatment plant and facilities owned and operated by CCA, together with any additions, modifications and/or improvements thereto.

ARTICLE II - STATEMENT OF INTENT.

The parties hereto agree that it is the intent of this Agreement to provide for the conveyance of sanitary sewage from a sanitary sewer system in East Fallowfield Township operated by CCA through a portion of the Valley Township Sewer System to the CCA sewer system in Coatesville and from there to the Treatment Plant owned by CCA for treatment and disposal of those wastes, in common with other wastes flowing through the CCA system and to provide for payment to the Township by CCA for an equitable share of the cost of operation and maintenance of the jointly used conveyance facilities.

ARTICLE III - TERMS OF AGREEMENT

Section 1 - This Agreement shall be effective as of the above date and shall continue for an indefinite period from said date. Any sewage treatment agreements now existing or to be reached by the Township and CCA shall affect this Agreement in that, should CCA terminate a Sewage Treatment Agreement, this conveyance agreement between CCA and the Township shall be subject to renegotiation at that time, but the Township shall have no obligation to continue the conveyance agreements. Should the Township terminate the existing or proposed sewage treatment agreement, the conveyance agreement between CCA and the Township shall continue in full force and effect.

Section 2 - The Township hereby grants to CCA the right to connect a sanitary sewer emanating from East Fallowfield Township to Manhole Number 509-1 shown on plans by Roy F. Weston, Inc., dated 5/28/69, located at the intersection of Valley Road and Mount Carmel Road for the purpose of conveying sewage through the Valley Township system from the connection point to the Valley Township Sewage Meter Pit at the connection to CCA system located at Valley Road and 16th Street in Coatesville. The agreement by Valley Township to convey sewage shall be subject to the payment of equitable fees to the Township to provide for the operation and maintenance of the jointly used lines as provided herein. Sewage flows conveyed through the Township system for CCA shall be deducted from, and not included in, metered flow used for billing of Valley Township by CCA, this metered flow being measured at the connection to CCA's system at the above mentioned location on Valley Road, and the limitation on the Township's right to discharge sanitary sewage as provided in existing or proposed sewage treatment agreements and shall not be included in the calculation of any future tapping fees. For the purpose of determining the quantities of sewage to be conveyed from CCA's East Fallowfield Township Sewage Collection System through the Valley Township Sewage System. Maintenance of such a meter and

responsibility for determining the flows registered on the meter shall be as provided hereinafter. A water meter installed in the water pumping station for service to East Fallowfield Township shall be used to measure flows of water in and through the sanitary sewage system.

Section 3 - If the Township, at any future time, shall transfer title to its sewage system to any municipality or authority by deed or otherwise, it shall assign all its rights and interests in and under this Agreement to said municipality or authority and, upon such assignment, the assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement, and the Township thereafter shall cease to be a party to this Agreement. This Agreement also shall be binding upon and inure to the successors and assigns of any party to this Agreement.

Section 4 - CCA and the Township agree that rules and regulations which may be adopted for making of connections and use of the sewage system in conformance with the pending Sewage Treatment Agreement shall apply to the sewage system operated by CCA in East Fallowfield Township. CCA also agrees to enforce the provisions of such rules and regulations at all times, and CCA agrees that the Township or its duly authorized representative shall have the right, at all times, to inspect sewage systems connected to Valley Township for conveyance and to compel the discontinuance of any connection which it finds to be in violation of this Agreement.

Section 5 - The parties hereto agree to comply with all applicable present and future Pennsylvania or United States laws, as well as any rules, regulations, permits, orders and requirements lawfully made by any governmental body having jurisdiction and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

ARTICLE IV - CONSTRUCTION OF COLLECTION AND CONVEYANCE FACILITIES
- INTERCONNECTION

Section 1 - The parties hereto understand and agree it will be necessary for CCA to design, layout, and cause to have constructed sanitary sewers within the CCA areas of service in East Fallowfield Township as required. The ownership of said sewers will be by Agreement between CCA and East Fallowfield Township.

Section 2 - The sanitary sewer connection from the Valley Township/East Fallowfield Township line to Manhole 509-1, the connecting point cited above, shall be constructed or caused to be constructed by CCA and shall be offered for dedication to Valley Township. If said offer is accepted, Valley Township shall own and maintain the said sewer line connection from the East Fallowfield Township line to Manhole 509-1 and the cost of maintenance of such shall be included in the calculation of conveyance fees. Otherwise, if the offer of dedication is not accepted, CCA shall continue to own and maintain said line but no connections from Valley Township shall be permitted thereto and the calculation of cost of conveyance shall be made only from the point of connection at Manhole 509-1.

Section 3 - Sanitary sewage from the respective sewage collection systems shall be collected and conveyed to points of connection, as outlined on the final plans, approved by Valley Township and CCA.

Prior to the institution of a construction program by CCA to complete this interconnection, the following activities will be carried out to determine the practicality of such an interconnection or increase in flow:

A. The respective engineers of each party will meet to exchange technical data regarding the proposed interconnection. This data will include:

1. The proposed point of connection.
2. Anticipated initial flow.
3. Rate and frequency of discharge.
4. Anticipated ultimate flow.
5. Adequacy of receiving sewer.
6. Type of control and/or metering device.
7. Estimated cost of downstream improvement, if required.

B. The proposed interconnection flow will not be approved if the proposed discharge will overload the receiving sewer unless the CCA agrees to compensate adequately the Township for corrective measures necessary to make the receiving sewer adequate for the proposed discharge. If the receiving sewer is limited in capacity, discharge will be limited to the available capacity until such time as adequate capacity is made available.

C. CCA shall secure all necessary easements, rights-of-way, and permits from all sources whatsoever as may be required to deliver sewage to the point of connection to the Township sewage collection system. The consulting engineer of the Township shall have the right to approve the plans and to inspect the manner of the making of such connections between CCA and the Township sewers; the same shall not be used until such time as the Township shall receive written notice from the Township's consulting engineer that the

construction of such connections has been accomplished in accordance with the approved plans and specifications relating thereto. Neither the Township nor its consulting engineer shall unjustifiably delay approval.

Section 4 - At or before the commencement of actual sewage disposal service CCA shall cause to have installed and thereafter at all times maintain the system water meter cited in Section 2, Article III above. Said meter shall be subject to the approval of the Township. The expense of procurement, installation, and maintenance thereof shall be borne by CCA. Said meter shall be placed at the Township line on Mount Carmel Road.

- A. The device(s) shall be inspected and calibrated, and tested for accuracy at least once every six months by a person or entity competent in the inspection and testing of such devices. Certified reports of such inspections shall be mailed directly to the Township. The cost of such inspection and the cost of any repair or replacement shall be borne by CCA. All repairs of meters of any type shall be accomplished within 30 calendar days of receipt of the inspection company's report attesting to the meter's malfunction.
- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharged. This estimate will be based on an evaluation of past flow records as applied to present conditions, and as reviewed and approved by the engineers for both CCA and the Township.
- C. Meter records and the meter installations shall be made available and accessible to the Township. The record of sewage flow through recording meters operated and maintained by CCA will be read by CCA on the first days of January, April, July and October, showing the total and daily sewage

flows discharged during the previous three-month period. The Township reserves the right to inspect and read meters upon 24 hour notice to CCA.

- D. The Township shall have the right, upon written request, to a calibration check of CCA's meter(s) at any time outside the normal scheduled calibration time for the purpose of checking its accuracy. This non-scheduled calibration will be performed by CCA as described in Section 4.a hereof. If results of such non-scheduled calibrations show that the meter(s) was malfunctioning by variations from actual flow of more than five (5) percent, then all costs of the non-scheduled calibration and any repair or replacement will be paid by CCA. If no violation is found, then the Township shall pay all costs for the calibration.

Section 5 - Maximum flow rates at any point of interconnection shall not exceed 3.0 times the average daily flow rate at any time. Maximum flow rates equal to 3.0 times the average flow rate shall be limited to a duration of not more than 30 minutes in any day.

ARTICLE V - MAINTENANCE, SAVE HARMLESS AGREEMENT, INSURANCE.

Section 1 - CCA and the Township agree, in regard to their respective collection systems, to operate continuously and keep and maintain the same at all times in good repair and order, and in good and efficient operating condition, and to meet the standards prescribed by the Pennsylvania Department of Environmental Resources or of any other governmental authority having jurisdiction thereof.

Section 2 - The Township agrees to indemnify and save harmless CCA against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of

this Agreement because of the negligence of the Township, its respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 3 - CCA agrees to indemnify and save harmless the Township against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of CCA, its respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 4 - CCA and the Township shall insure or cause to be insured their respective facilities (i.e., including but not limited to treatment plant, capital additions and interceptors) in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania against loss or damage by fire and against such other risks in such amounts as usually are carried upon, or with respect to, like property in Pennsylvania. Immediately after any loss or damage to either parties' facilities or any part thereof, the affected party will commence and duly prosecute the repair, replacement, or reconstruction of the damaged or destroyed portion of its facilities, all according to the provisions as previously defined. Both parties will also maintain liability insurance with an aggregate limit in the amount of \$2,000,000 against any loss or injury to third persons or property of third persons as a result of fire, explosion, and other risk and casualty occurring to their respective facilities.

ARTICLE VI - CHARGES AND PAYMENTS.

Section 1 - Quarterly billings to CCA for the conveyance of CCA sewage through the Township system shall be delivered by the Township and shall be payable as provided hereinafter. Billing

shall be based upon the proportionate share of the operating and maintenance costs of the commonly used lines to be determined by the following formula:

$$\text{Cost of Conveyance} = \text{OM} \times \text{L1/L2} + \text{OM} \times \text{F1/F2}$$

OM is the cost of operating and maintenance for sanitary sewage collection lines in Valley Township. OM shall be determined by the Township subject to the review of the appropriate financial records by CCA.

L1 is the total length of commonly used lines.

L2 is the total length of all sewage collection lines in Valley Township.

L1 and L2 shall be determined from the mapping of the Township sewer system.

F1 is the flow into Valley Township as metered by CCA for determination of sewage flow. F1 shall be determined by meter readings.

F2 is the total flow in the commonly used lines. F2 shall be calculated by the Township subject to review and approval by CCA and using where appropriate metering records at the downstream Township points of connection with the CCA system.

The cost of conveyance shall be calculated on an annual basis or at the time of the connection made by CCA to the Township system or where significant changes (more than 10% of total connected daily flow) occur within the Valley Township system. Calculation for cost of conveyance shall be available for confirmation no less than thirty days before taking effect.

ARTICLE VII - MISCELLANEOUS.

Section 1 - The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions thereof shall not be construed as a waiver of any of its rights hereunder.

Section 2 - This writing constitutes the entire Agreement between the parties, and there are no other representations or agreements, verbal or written, other than those contained herein.

Section 3 - Whenever a notice is required to be given by mail, the following addresses shall be used unless a different address is specifically called for:

City of Coatesville Authority
114 East Lincoln Highway
Coatesville, Pennsylvania 19320

Valley Township
890 West Lincoln Highway
Coatesville, Pennsylvania 19320

Section 4 - This Agreement may be executed in any number of counterparts, each of which shall be properly executed by the Township and CCA, and all of which shall be regarded for all purposes as the original.

Section 5 - In the event that the Department of Environmental Resources of the Commonwealth of Pennsylvania, or any other regulatory body or governmental agency, shall fail or refuse to issue any permits for conveyance which may be necessary to accomplish the intent and purpose of this Agreement, the parties shall be relieved from further compliance with the terms of this Agreement until such time when such permit or permits shall be issued.

Section 6 - In the event that any disputes shall arise relative to the interpretation and/or application of the terms of this Agreement, the parties hereof do hereby agree to the following procedure to settle such matters:

- A. The parties, operators, and/or managers will attempt to discuss and solve the problem.
- B. If Step "A" does not prove satisfactory, a joint committee comprised of three members (the solicitor, engineer, and an Authority Board member or supervisor) for each party will meet to attempt to solve the problem.
- C. If neither of the above steps proves successful, the dispute shall be resolved by decision of a panel consisting of the consulting engineer of each of the respective parties to the dispute, and an additional consulting engineer chosen by and acceptable to the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

Attest: *Paula Kelly*

CITY OF COATESVILLE AUTHORITY

By: *Charles Williams*

VALLEY TOWNSHIP

By: *John E. ...*

Attest: *Spish A. ...*

Robert E. ...
John ...
Walter Johnson

Second Amended Appendix A-25-a

ADDENDUM TO SEWAGE CONVEYANCE AGREEMENT

THIS AGREEMENT is made on the 18th day of JULY, 1995, between the CITY OF COATESVILLE AUTHORITY, Chester County, Pennsylvania (CCA), and VALLEY TOWNSHIP, Chester County, Pennsylvania (hereinafter "Township").

WHEREAS, CCA is a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and owns and operates a sewage treatment plant for service providing public sewer service to various municipalities in and near the City of Coatesville; and

WHEREAS, the Township is also a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and provides sewage collection service to residential, commercial, and industrial users within the Township connecting its collection system to CCA's sewage treatment plant so that sewage and industrial wastes discharged by said users may be received in said plant for treatment and disposal; and

WHEREAS, the Township and CCA have a currently binding agreement dated January 7, 1992 regarding the connection of East Fallowfield Township CCA customers into the Valley Township system; and

WHEREAS, Mr. and Mrs. Steven Pierson own a certain parcel in East Fallowfield Township with an address of 157 South Park Avenue (also known as Tax Parcel #47-4-65), which parcel is in a district which CCA is obligated to serve under an agreement between the CCA and East Fallowfield Township dated December 9, 1992 and amended on March 10, 1993; and

WHEREAS, the Pierson's property would be most conveniently served by a sewage line owned and operated by Valley Township, which line is closer in proximity to the property than any line owned by CCA and it is the desire of both the CCA and Township for the Pierson's to connect to and be customers of the Valley Township sewer system.

NOW, THEREFORE, CCA and TOWNSHIP, for and in consideration of covenants, promises and agreements herein contained to be kept and observed, each intending to be legally bound hereby, covenant and agree as follows:

1. CCA hereby assigns all of its rights and duties for sewage collection from the property owned by Mr. and Mrs. Steven Pierson and addressed 157 South Park Avenue (also known as Tax Parcel #47-4-65) to the Township. The Piersons will be Township sewage customers, and the CCA will have neither the duty to provide services to them, nor the right to charge fees.

2. This agreement relates exclusively to the property known as Tax Parcel #47-4-65, 157 South Park Avenue in East Fallowfield

Second Amended Appendix A-25-a

township. Nothing herein shall be construed to affect the rights or duties of CCA to provide sewage services to any other property in East Fallowfield township. Nothing in this agreement is intended to create a change in the agreement between CCA and Valley Township dated January 7, 1992 beyond the assignment in paragraph 1.

INTENDING TO BE BOUND HEREBY, the respective parties herein have executed this Agreement as of the date and year first written above.

ATTEST:

Pauline Swales

CITY OF COATESVILLE AUTHORITY

By: *Charles T. Williams*

ATTEST:

Karen G. Chant

VALLEY TOWNSHIP

By: *David E. Loom*

Whitfield

Jeanne F. Fyfe

Joseph H. Lecky

SEWAGE TREATMENT AGREEMENT

THIS AGREEMENT, is made on 7th day of January, 1991⁹², between the CITY OF COATESVILLE AUTHORITY, Chester County, Pennsylvania (CCA) and VALLEY TOWNSHIP AND THE VALLEY TOWNSHIP AUTHORITY, Chester County, Pennsylvania (hereinafter referred to collectively as Township).

WHEREAS, CCA is a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and owns and operates a sewage treatment plant for service providing public sewer service to various municipalities in and near the City of Coatesville; and

WHEREAS, the Township is also a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and desires to provide sewage collection service to residential, commercial, and industrial users within the Township and to connect its collection system to CCA's sewage treatment plant so that sewage and industrial wastes discharged by said users may be received in said plant for treatment and disposal; and

WHEREAS, a Sanitary Sewerage Agreement was reached between the City of Coatesville and the Township, said agreement dated October 22, 1959, which provided for sewer service to the Valley Township sewer district consisting of areas of the Township fronting on Gap Road and Strode Avenue; and

WHEREAS, a second agreement was reached between the City of Coatesville, the Coatesville Sewage Plant Authority and the Township, said agreement dated May 6, 1970, providing for receipt and treatment of sewage flows from other locations in the Township; and

WHEREAS, it is the intent that this agreement shall supercede those earlier agreements; and

WHEREAS, the sewage treatment and collection system was acquired from the City of Coatesville by CCA on July 7, 1988, along with all the obligations related to the ownership of the system; and

WHEREAS, it is in the public interest of both CCA and the Township that a new agreement to provide for the treatment of sewage from the Township at the CCA treatment plant be reached; and

WHEREAS, it is in the interests of both CCA and the Township that their respective facilities be used in the most feasible manner to provide for public sewer service to adjoining municipalities.

NOW THEREFORE, it is agreed as follows:

ARTICLE I - DEFINITIONS.

The terms defined in this Article, wherever used or referred to in this Agreement, shall have the following respective meanings unless a difference clearly appears from the context.

Average Daily Flow - Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to a point during a ninety (90) day period of time, and dividing by ninety (90) days.

Five Day Biochemical Oxygen Demand (BOD) - Quantity of oxygen expressed in milligrams per liter (mg/l), utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five days at 20 degrees Centigrade.

Cost of Operation and Maintenance - A term used in the calculation of conveyance cost of jointly used sewage facilities in Valley Township. All costs incident to the operation of sewage collection lines and pumping stations which are commonly used by the parties for the conveyance of sewage from and by Valley Township as well as the conveyance of sewage through Valley Township by CCA, said operation to be performed in an efficient and economical manner and to the maintenance thereof in a state of good repair during such period. Such costs shall include the cost of all maintenance labor, repairs, normal recurrent replacements, and reconstruction (repairs to basic construction) as may be necessary, all taxes, engineering, legal and superintendence expenses, and casualty and other insurance premiums during the previous calendar year divided by four (4) for the purpose of calculating quarterly billing.

Domestic Waste - Customary wastes from kitchens, water closets, lavatories and laundries.

Industrial User - Any user or users identified in the Standard Industrial Classification Manual, 1972, Office of Management and Budget, as amended and supplemented under one of the following divisions:

- Division A. Agriculture, Forestry, and Fishing
- Division B. Mining
- Division D. Manufacturing
- Division E. Transportation, Communications, Electric,
Gas, and Sanitary Services
- Division I. Services

Industrial Waste - The liquid waste or liquid borne waste resulting from the processing employed by an industrial user, whether treated or untreated, is discharged into the Treatment Works.

pH - Logarithm of the reciprocal of the concentration of hydrogen ion, indicating the degree of acidity or alkalinity of a substance.

Point of Connection - Point or points at which CCA receives and conducts sanitary sewage or industrial waste from the Township's system to a point for treatment or disposal or where the Township receives sanitary sewage or industrial waste from CCA for conveyance through the Township's system.

Sanitary Sewage - All water-carried domestic waste from residences, offices, hotels, stores, restaurants, commercial establishments, industrial establishments, and similar users within the Township.

Slug - Any sanitary sewage discharge which, for a period of fifteen minutes, shall exceed five times the average daily flow. The term particularly applies to the sudden emptying of large vats, tanks or swimming pools into the sewerage system.

Standard Laboratory Procedure - For any laboratory analyses herein listed, it shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewerage" published by the American Public Health Association.

Total Kjeldahl Nitrogen (TKN) - Sum of free ammonia and organic nitrogen compounds which are converted to ammonium sulfate, as determined by Standard Laboratory Procedure; it does not include nitrite and nitrate nitrogen.

Total Solids - Solids that either float on the surface of or are in suspension or dissolved in water, sanitary sewage or other liquids, as determined by Standard Laboratory Procedure.

Total Suspended Solids - Quantity of material deposited when a

quantity of sanitary sewage is filtered; it includes settleable and all suspended (including volatile) solids.

Treatment Plant - Existing sewage treatment plant and facilities owned and operated by CCA, together with any additions, modifications and/or improvements thereto.

Unmetered Unit - With respect to individual units or areas of Valley Township connected to CCA facilities without measurement of total flows through metering facilities, each single-family residential customer connected to a sewage collection system shall be considered an unmetered unit. With respect to nonsingle-family dwellings, flats, or apartments having the use of the sewage collection system through one sewer lateral, each and every residential unit, flat, or apartment shall be considered an unmetered unit as if each such unit had a direct and separate connection to the sewage collection system. For commercial or industrial properties, the number of unmetered units shall be equal to the daily water usage divided by two hundred (200). The daily water usage shall be determined from metering or, where this is not possible, a mutually acceptable means of estimating daily water usage shall be determined by the Township and CCA.

ARTICLE II - STATEMENT OF INTENT.

The parties hereto agree that it is the intent of this Agreement to provide for the conveyance and treatment of sanitary sewage and industrial waste from within the Township to a treatment plant owned by CCA for treatment and disposal of those wastes in common with other wastes flowing from and through the CCA system; and where appropriate, to further provide for the conveyance of wastes from municipalities or other customers of CCA beyond the boundaries of Valley Township to and through the system of sewage

lines within and belonging to Valley Township for discharge and treatment within the CCA system.

ARTICLE III - TERMS OF AGREEMENT

Section 1 - This Agreement shall be effective as of the above date and shall continue for a period of thirty (30) years from said date and thereafter it shall continue until CCA shall have given the Township, or vice versa, five years' written notice of intention to terminate this Agreement. Any conveyance agreements reached between the Township and CCA shall be affected by this Agreement in that, should CCA terminate this Agreement, any conveyance agreement between CCA and the Township shall be subject to renegotiation at that time, but the Township shall have no obligation to continue the conveyance agreements. Should the Township terminate this agreement, the conveyance agreement between CCA and the Township shall continue in full force and effect.

Section 2 - At any time during the term of this Agreement, a meeting or meetings may be held at the request of either party to discuss such matters as may be of mutual interest and concern, particularly any inequities which are alleged to exist under the terms of the Agreement. If such inequities are found to exist, the parties agree to correct them promptly by means of the procedure set forth in Article XII, Section 6.

Section 3 - CCA hereby grants to the Township the right to discharge sanitary sewage up to 550,000 gallons average daily flow, subject to the limitations and payment of charges set forth in this Agreement. CCA agrees to convey and treat and dispose of such sewage in a manner approved by the Pennsylvania Department of Environmental Resources and in accordance with the terms and provisions set forth herein. The above limitation shall not include flows at the unmetered connections provided for by the City of Coatesville/Township agreement of October 22, 1959.

11/14/91

Section 4 - It is agreed that, once connection has been made from the Township collection system, which results in sanitary sewage or industrial waste being delivered therefrom to the point of connection to the CCA conveyance system, and from there to the CCA treatment plant for final disposition, such sanitary sewage shall not thereafter be diverted therefrom by the Township unless mutually agreed upon by the parties hereto in writing. However, the right shall be reserved by the Township to establish such other treatment of sanitary sewage originating in the Township which, by good engineering practice, cannot be delivered to the CCA treatment plant on a practical and economical basis, or which in the event CCA cannot provide additional treatment capacity, exceeds the 550,000 gallons per day limitation imposed by this Agreement.

Section 5 - The Township hereby grants to CCA the right to connect at mutually agreeable points on its system for the purpose of conveying sanitary sewage or industrial wastes through the Valley Township system from municipal or other customers of CCA beyond the boundaries of Valley Township, subject to the provision of adequate conveyance capacity and further subject to the payment of equitable fees to provide for the operation and maintenance of the jointly used lines as provided herein. Such connections shall be subject to separate conveyance agreements prepared in compliance with the terms of this agreement and may include provisions for improvements to the Valley Township system to be paid for by CCA where increased capacity of facilities are required to accommodate the additional flows to be imposed by CCA in the Valley Township system. Where reimbursement agreements are in effect involving the Township or its Authority, CCA shall be subject to the provisions of the reimbursement agreements. Sewage flows conveyed through the Township system for CCA shall be deducted from, and not included in, the limitation on the Township's right to discharge sanitary sewage as provided in Section 3 of Article 3 and shall not be included in the

calculation of any tapping fees as provided in Section 7 of Article 7.

Section 6 - The Township agrees that it will not offer sewage service to customers or other municipalities beyond its borders. Any request for sewage service originating outside Township borders shall be directed to CCA.

Section 7 - If the Township, at any future time, shall transfer title to its sewage system to any municipality or authority by deed or otherwise, it shall assign all its rights and interests in and under this Agreement to said municipality or authority and, upon such assignment, the assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement, and the Township thereafter shall cease to be a party to this Agreement. This Agreement also shall be binding upon and inure to the successors and assigns of any party to this Agreement. However, any such transfer shall not be made without notice to CCA. In the event of transfer of title of the sewage system to a private, non-municipal party, in addition to the requirements stated above, such transfer shall not be made without the written consent of CCA.

Section 8 - The Township agrees that, within sixty (60) days of execution of this Agreement, it will adopt an ordinance or ordinances establishing rules and regulations for the making of connections, and use of the sewage system in conformance with this Agreement. The Township also agrees to enforce the provisions of such ordinance or ordinances at all times, and the Township agrees that CCA or its duly authorized representative shall have the right, at all reasonable times, to inspect the said sewage system connections, other than those connections to residential properties, and Township agrees to compel the discontinuance of any connection which CCA finds to be in violation of this Agreement, such inspection shall be made without cost to Valley Township or Valley Township customers.

Section 9 - CCA agrees that, within sixty (60) days of execution of this Agreement, it will adopt rules and regulations for the making of connections, and use of the sewage system in conformance with this Agreement. CCA also agrees to enforce the provisions of such rules and regulations at all times, and CCA agrees that the Township or its duly authorized representative shall have the right, at all reasonable times, to inspect sewage systems connected to Valley Township for conveyance and to compel the discontinuance of any connection which it finds to be in violation of this Agreement. Insofar as the Rules and Regulations adopted by the requirements of this section and Section 8 above apply to the use of the sanitary sewer system are concerned, the Township and CCA agree that the provisions of said Rules and Regulations shall be the same for both parties.

Section 10 - The parties hereto agree to comply with all applicable present and future Pennsylvania or United States laws, rules, regulations, permits, orders and requirements lawfully made by any governmental body having jurisdiction and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

Section 11 - It is understood and agreed by both parties that the rights and responsibilities of the respective parties under the provisions of this Agreement are not in any way contingent upon the execution of other agreements between CCA and other municipalities; moreover, the Township understands and agrees that CCA may find it prudent and necessary to enter into sewage treatment agreements with other municipalities; it is further agreed by the Township that such other agreements may differ materially from the provisions of this Agreement.

ARTICLE IV - CONSTRUCTION OF COLLECTION AND CONVEYANCE FACILITIES
- INTERCONNECTION

Section 1 - The parties hereto understand and agree it is and will be necessary for the Township to design, layout, finance, and construct sanitary sewers within Valley Township as needed. Said sewers will be owned by the Township, will be the sole responsibility of the Township, and will be maintained by the Township.

Section 2 - The Township shall have control over assessments charged each property owner with regard to the Township sewage collection system. The Township shall also have control as to all manner and means of procuring financing for the construction of said sanitary sewers.

Section 3 - The Township covenants to use its best efforts to obtain the necessary approvals and financing and thereafter to use its best efforts to construct its sanitary sewers, all in accordance with plans and specifications prepared by its consulting engineer at its own cost and approved by the Department of Environmental Resources of the Commonwealth of Pennsylvania.

Section 4 - The parties hereto understand and agree it is and will be necessary for CCA to design, layout, finance, and construct sanitary sewers within CCA areas of service other than Valley Township as needed. Said sewers will be owned by CCA and will be the sole responsibility of CCA, and will be maintained by CCA.

Section 5 - CCA shall have control over the assessments charged each property owner with regard to the CCA sewage collection system within the CCA areas of service other than Valley Township. CCA shall also have control as to all manner and means

of procuring financing for the construction of said sanitary sewers.

Section 6 - CCA covenants to use its best efforts to obtain the necessary approvals and financing and thereafter to use its best efforts to construct its sanitary sewers within the CCA areas of service other than Valley Township, all in accordance with plans and specifications prepared by its consulting engineer at its own cost and approved by the Department of Environmental Resources of the Commonwealth of Pennsylvania.

Section 7 - Sanitary sewage from the respective sewage collection systems shall be collected and conveyed to points of connection, as outlined on the final plans, approved by the consulting engineers for both parties to this Agreement.

Prior to the institution of a construction program by either party which would result in a new point of interconnection or upon the cumulative increase in flow of more than five (5) percent at any existing connection between CCA and the Township sewage collection systems, the following activities will be carried out to determine the practicality of such an interconnection or increase in flow:

- A. The respective engineers of each party will meet to exchange technical data regarding the proposed interconnection. This data will include:
1. The proposed point of connection.
 2. Anticipated initial flow.
 3. Rate and frequency of discharge.
 4. Anticipated ultimate flow.

5. Adequacy of receiving sewer.
 6. Type of control and/or metering device.
 7. Available capacity of receiving sewers.
 8. Estimated cost of downstream improvement, if required.
- B. No point of interconnection or increase in flow will be approved where the proposed discharge will overload the receiving sewer or pumping station(s) unless the party delivering the sewage agrees to compensate adequately the party receiving the flow for corrective measures necessary to make the receiving sewer or pumping station(s) adequate for the proposed discharge. If the receiving sewer or pumping station(s) is limited in capacity, discharge will be limited to the available capacity until such time as adequate capacity is made available.

The Township shall secure all necessary easements, rights-of-way, and permits from all sources whatsoever as may be required to deliver sewage to the points of connection to the CCA sewage collection system. The consulting engineer of CCA shall have the right to approve the plans and to inspect the manner of the making of such connections between CCA and the Township sewers; the same shall not be used until such time as CCA shall receive written notice from CCA's consulting engineer that the construction of such connections has been accomplished in accordance with the approved plans and specifications relating thereto. Neither CCA nor its consulting engineer shall unnecessarily delay approval.

CCA shall secure all necessary easements, rights-of-way, and permits from all sources whatsoever as may be required to deliver sewage to the points of connection to the Township sewage collection system. The consulting engineer of the Township shall

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have the right to approve the plans and to inspect the manner of the making of such connections between CCA and the Township sewers; the same shall not be used until such time as the Township shall receive written notice from the Township's consulting engineer that the construction of such connections has been accomplished in accordance with the approved plans and specifications relating thereto. Neither the Township nor its consulting engineer shall unnecessarily delay approval.

Section 9 - At or before the commencement of actual sewage disposal service and at each and every point of connection (at which point it has been mutually agreed by the parties to this Agreement that metering is feasible), the party making the connection shall cause to have installed and thereafter at all times maintain (a) sewage meter(s) or provide such other means of measuring flows as shall be agreed upon between the Township and CCA. Where appropriate, said meter(s) shall employ a flow recorder using seven-day charts, and shall be subject to the approval of the receiving party. The expense of procurement, installation, and maintenance thereof shall be borne by the party making the connection. Said meter(s) shall be placed at each point of connection as may be mutually agreed upon by the parties hereto and subject to the following conditions:

- A. The device(s) shall be inspected and calibrated, and tested for accuracy at least once every six months by a person or entity competent in the inspection and testing of such devices. Certified reports of such inspections shall be mailed directly to the receiving party. The cost of such inspection and the cost of any repair or replacement shall be borne by the party delivering wastewater. All repairs of meters of any type shall be accomplished within 30 calendar days of receipt of the inspection company's report attesting to the meter's malfunction.

- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharged. This estimate will be based on an evaluation of past flow records as applied to present conditions, and as reviewed and approved by the engineers for both CCA and the Township.
- C. Meter records and meter installations of the Township shall be made available and accessible to CCA and conversely meter records and installations of CCA shall be made available and accessible to the Township. The record of sewage flow through recording meters operated and maintained by the party delivering wastewater will be read by CCA upon 24 hours telephone notice on the first days of January, April, July and October, showing the total and daily sewage flows discharged during the previous three-month period.
- D. Either party shall have the right, upon written request, to a calibration check of the other's meter(s) at any time outside the normal scheduled calibration time for the purpose of checking its accuracy. This non-scheduled calibration will be carried out as described in Section 9.A hereof. If results of such non-scheduled calibrations show that the meter(s) was malfunctioning by variations from actual flow of more than five (5) percent, then all costs of the non-scheduled calibration and any repair or replacement will be paid by the party delivering wastewater. If no violation is found, then the receiving party shall pay all costs for the calibration.

Section 10 - Where it has been mutually agreed upon by the parties to this Agreement that in making a new point of interconnection where metering of total sewage flow is not feasible, a calculation will be made to determine the number of unmetered units which contribute to the wastewater flow at that connection. Any nonresidential customer may be required by CCA

or the Township to install, at its own expense, a water meter or other approved measuring device to determine volume for billing purposes. If water source is from a well, the meter shall measure water flows from the well. Meters shall conform to meter requirements of the billing agency, Township or CCA. The number of unmetered units to be billed for nonresidential customers shall be equal to the daily water usage divided by two hundred (200). The sewer consumption charges for residential unmetered units shall be as provided in the rates and charges of the City of Coatesville Authority (CCA), Section IV.B as the same may be published from time to time, subject nevertheless to the provisions of Article VII, Section 4 of this Agreement. The provisions of this Section 10 shall also apply to the existing sanitary sewer district established by the agreement between the City of Coatesville and the Township dated October 22, 1959. This district is denoted by Exhibits "A" and "B" attached hereto and incorporated herein by reference.

Section 11 - Maximum flow rates at any point of interconnection shall not exceed 3.0 times the average daily flow rate at any time. Maximum flow rates equal to 3.0 times the average flow rate shall be limited to a duration of not more than 30 minutes in any day.

Section 12 - In the event that CCA requests a connection point for conveyance of domestic sewage or industrial wastes through a conveyance agreement from an adjoining municipality regardless of whether the collection system connecting thereto is owned and operated by the connecting municipality, CCA or a private party, then the connection point and metering facilities shall be owned and maintained by CCA and all matters relative to the design of the connecting system and metering points shall be in accordance with this Agreement. The Township reserves the right to inspect and read meters upon notice to CCA.

ARTICLE V - TREATMENT PLANT.

Section 1 - The parties hereto understand and agree that in order to attain or maintain the quality of sewage effluent required by CCA's NPDES Permit, it may become necessary for CCA to modify the treatment plant and to make additions and improvements thereto. To accomplish the purposes herein contemplated, the parties hereto agree that additions, improvements, and/or modifications to the treatment plant shall be undertaken and shall be the sole responsibility of CCA. The existing treatment plant and any additions thereto shall be maintained exclusively by CCA.

Section 2 - CCA covenants and agrees to acquire and construct or cause to be acquired and constructed, from time to time, such additions, improvements, and/or modifications to the sewage treatment plant, if determined by CCA to be financially feasible. Provisions for determination of the need for such additions, improvements, and/or modifications shall be made by CCA. The Township shall be notified thereof in writing. In the event that the construction of additional facilities is necessitated by a change in the degree of treatment as required by the Pennsylvania Department of Environmental Resources and is financed by cash appropriations of CCA, then the rates provided for in Article VII, Section 3 hereof may be increased to the Township to reflect the Township's portion of the additional capital expenditures of CCA. In the event the construction of additional facilities is necessitated:

- A. By the increase in demand or by the necessity to treat industrial wastes emanating from Valley Township, the Township shall pay the full cost thereof under conditions of an amendment to this Agreement. The Township shall have the right of engineering review and audit of construction costs.
- B. By an increase in demand or by the necessity to treat industrial wastes emanating partially from Valley Township,

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then Township shall pay its proportionate share thereof under conditions of an amendment to this Agreement.

C. By an increase in demand or by the necessity to treat industrial wastes for the sole benefit of CCA or customers other than Valley Township, Township shall not be required to participate in the cost of expansion.

Section 3 - The parties hereto authorize CCA to apply for and accept any grants or contributions from any federal, state, or local government having such funds at their disposal for projects of this type.

ARTICLE VI - MAINTENANCE, SAVE HARMLESS AGREEMENT, INSURANCE.

Section 1 - CCA and the Township agree, in regard to their respective collection systems, to operate continuously and keep and maintain the same at all times in first-class repair and order, and in good and efficient operating condition, and to meet the standards prescribed by the Pennsylvania Department of Environmental Resources or of any other governmental authority having jurisdiction thereof.

Section 2 - The Township agrees to indemnify and save harmless CCA against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of the Township, its respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 3 - CCA agrees to indemnify and save harmless the Township against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of CCA, its respective servants, agents, or employees, or resulting from the failure of

the treatment plant and lines leading thereto to function properly because of such negligence.

Section 4 - In the event of damage to the sewage treatment plant of CCA resulting from the discharge of improper sewage from the sewage collection system of the Township into the sewage treatment plant of CCA, the discharge of improper sewage to be determined in accordance with the Rules and Regulations of CCA and Township, the Township agrees to act in concert with CCA in enforcing their respective Rules and Regulations to cause the abatement of the violation and to require reimbursement of CCA for the full cost of damage done to CCA's sewage treatment plant, by the offending user. In order to minimize the likelihood of discharge of waste which may cause damage to the operation of the sewage treatment plant, the provisions of Article VIII, Sections 4 through 7 shall apply. To resolve any dispute as to improper sewage having been or so being discharged, the procedure set forth under Article XII, Section 6 of this Agreement, shall be used. The Township shall not be responsible if it is determined that improper sewerage originated from outside the Township and was merely conveyed through the Township lines pursuant to a conveyance agreement.

Section 5 - CCA and the Township shall insure or cause to be insured their respective facilities (i.e., including but not limited to treatment plant, capital additions and interceptors) in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania against loss or damage by fire and against such other risks in such amounts as usually are carried upon, or with respect to, like property in Pennsylvania. Immediately after any loss or damage to either parties' facilities or any part thereof, the affected party will commence and duly prosecute the repair, replacement, or reconstruction of the damaged or destroyed portion of its facilities, all according to the provisions as previously defined. Both parties will also maintain liability

insurance against any loss or injury to third persons or property of third persons as a result of fire, explosion, and other risk and casualty occurring to their respective facilities.

ARTICLE VII - CHARGES AND PAYMENTS.

Section 1 - In all instances where fees are required or use rates are applicable (including the tapping fees established pursuant to this Agreement in Paragraph 8 of this Article VII), these rates and fees shall be such as are provided in the published rate and fee schedule of CCA prevailing at the time.

Whenever CCA increases rates by more than 10 percent in the aggregate over a 3 year period, or in excess of 6 percent in any given year, the Township shall have the option of requesting that CCA engage a qualified third party rate consulting engineer to review the rationale for the rate increase and the appropriateness of said increase. CCA shall advise the Township of the consulting engineer or firm it desires to engage within thirty (30) days of receipt of the request from the Township. The Township shall have thirty (30) days to either accept the third party engineer or firm selected by CCA or provide CCA with the name of another qualified third party rate consulting engineer. If CCA does not accept the Township's suggested consulting engineer, CCA and the Township shall submit the choice of the consulting rate engineer to arbitration within thirty (30) days. CCA and the Township shall each select one arbitrator and the two arbitrators shall select a third arbitrator and this arbitration panel shall select the third party consulting engineer from lists submitted by CCA and the Township. Whenever either party fails to exercise its right to select the consulting engineer or to invoke the arbitration process within any of the thirty (30) day periods specified above, such failure by that party to act shall constitute a waiver of the right.

In the event that the process of selecting a third party rate consulting engineer shall extend into the time period for which the increased rate would go into effect, CCA shall maintain its previous rate and fees. In the event that the third party rate consulting engineer concurs or recommends a rate increase, the Township shall pay CCA the difference between the new rate retroactive to the initial date of rate increase less the amount already paid CCA by the Township under the previous rate. In the event of sums owed CCA by the Township, said sums shall be paid to CCA within thirty (30) days of the date the rate has been determined and recommended by the third party rate consulting engineer without penalty or interest. After thirty (30) days, CCA's prevailing penalty and interest rates shall apply.

Section 2 - Quarterly billings to the Township under this Agreement for the conveyance and treatment of Township sewage shall commence upon the first discharge into the CCA system. Said billings will be based on the total gallonage of wastewater discharged by the Township, as measured by the flow meters located at the points of connection which are metered, after deduction of all flows from points connected to the Township system for conveyance of sewage for CCA from sources outside of the Township which readings shall be shown on Township bills, calculated in the same manner. To this billing, CCA will add charges calculated for unmetered connections in agreement with Section 10, Article IV.

Section 3 - Bills shall be delivered by CCA to the Township on or about the tenth day of January, April, July and October, reflecting the appropriate charges for the preceding calendar quarters.

Section 4 - Bills shall be payable to the office of CCA by the last business day of the month in which the bill is issued. There shall be added a penalty of five percent to bills remaining unpaid after the close of the last business day of the month.

Section 5 - If sewer rentals or charges imposed upon other users of CCA facilities shall be increased, the rates provided in Section 1 hereof shall be increased in accordance with the same percentage as the percentage of increase of the sewer rentals or charges imposed upon other users of CCA facilities. Such increase shall take effect concurrently with increase of sewer rentals or charges imposed upon users of CCA facilities subject to Paragraph 1 of this Article VII.

Section 6 - Before the Township shall permit connection to the Township collection system of any sewer user who has an average anticipated daily sanitary sewage flow greater than 10 percent of the Township's allocation, the Township shall notify CCA of such potential connection.

Section 7 - This Agreement contemplates an average daily flow of sewage of not more than 550,000 gallons. Furthermore, at no time shall the average sewage flow during a 24-hour period exceed 825,000 gallons. If the aforementioned allotment is exceeded by the Township, CCA shall give written notice to the Township. The Township, in turn, will have thirty (30) days to commence investigations and ninety (90) days to correct the causes of such excess flow. The Township may request and CCA may grant approval of the use of additional capacity, subject to Section 8 of this Article VII or an extension of time for compliance with the Agreement. If the Township does not comply within the time limitations above, or any extension thereof, CCA shall have the right to deny the Township increased use of CCA's system. The aforementioned allotment of 550,000 gallons shall be available for use by the Township until December 31, 2010 when, at such time, if the Township shall have not used 90 percent of this allotment, then the remaining portion of the allocation over the then existing use as determined below shall revert to CCA and the provisions of Paragraph 8 below shall apply to increased capacity granted to the Township over the then existing use. The term

"then existing use" shall be the total average daily flow emanating from the Township to CCA (not including sewage conveyed by the Township for CCA) from all connection points as measured over the four quarters prior to December 31, 2010.

Section 8 - In the event that the Township requests an increase in allotment of sewage capacity over that set forth in Paragraph 6 above, said increased allotment shall be subject to the payment of a tapping fee which shall be calculated on the capacity portion of CCA's sewage collection and treatment system in the amount of the current tapping fee rate per gallon of increased daily usage of the CCA sewage treatment capacity. Said increases shall also be subject to the provisions of Section 7 of Article IV of this Agreement, relating to interconnection between the systems and to the provisions of Article V of this Agreement, relating to the treatment plant. If under the provisions of Section 2 of Article V, the Township contributes to the cost of increase of plant capacity to accommodate their needs, then the tapping fee required by this paragraph shall be waived. Unless the tapping fee as calculated exceeds the amount of contribution for plant improvements, then the Township shall pay the difference plus the improvement contribution.

Section 9 - The above-mentioned sewage treatment charges pertain to the treatment of domestic waste only. Industrial wastes may be more concentrated in nature and, as a result, the treatment thereof becomes more complex. It is understood and agreed that additional charges shall be made for all sewage treated at the CCA plant having total suspended solids, biochemical oxygen demand, or ammonia nitrogen, in excess of the following concentrations:

A.	Total Suspended Solids (TSS)	-	250 mg/l
B.	Five-Day Biochemical Oxygen Demand (BOD)	-	250 mg/l
C.	Ammonia Nitrogen as N (AN)	-	25 mg/l
D.	Phosphorus as P (P)	-	4.5 mg/l

The additional charge for wastewater having concentrations in excess of the foregoing shall be assessed against the cost of treating that portion of the total of sewage flows from Valley Township attributed to the measured flow or water usage of the industrial facility discharging such waste times an industrial waste treatment factor (IWTF) to be calculated as follows:

$$\text{IWTF} = \text{BOD}/250 \times .35 + \text{TSS}/250 \times .30 + \text{AN}/25 \times .175 + \text{P}/4.5 \times .175$$

Additional charge equals (IWTF - 1) x quarterly flow from industrial facility/total quarterly flow from Valley Township x quarterly bill.

Where mutually agreed upon by the parties, in cases where the suspended solids and/or ammonia nitrogen do not represent the true characteristics of the solids or nitrogen loading respectively, CCA reserves the right to use total solids in the surcharge formula instead of suspended solids and total kjeldahl nitrogen (TKN), instead of ammonia nitrogen.

Additional charges for treatment of special industrial wastes or for damages or upsets caused by the discharge of industrial wastes inimical to the sewage treatment and disposal process shall be in accordance with the Rules and Regulations established by CCA as provided in Section 2, Article VIII of this Agreement.

Section 10 - CCA hereby covenants that rates for sewage treatment, fees and charges, and the capacity portion of tapping fees imposed hereunder will be in conformation with its schedule of rates, fees and charges, and tapping fees charged in other similar areas throughout its system, and will not be greater than the rates, fees and charges, and the capacity portion of tapping fees charged similar customers under similar circumstances in CCA's system. The Township shall have the right to review the business records of CCA with regard to the establishment of rates, fees and charges, and the capacity portion of tapping fees

as the same affect these rates, fees and charges, or the capacity portion of tapping fees charged in the Township from time to time to substantiate the same. Likewise, with respect to rules and regulations of CCA which affect the Township, CCA covenants that said rules and regulations will be the same that are imposed upon other uses throughout its system, and the same shall be applied to the Township as they are applied to other users throughout the CCA system.

Section 11 - Quarterly billings to CCA for the conveyance of CCA sewage through the Township system shall be delivered by the Township and shall be payable according to the same terms as provided in Article VII, Sections 2 and 3 above. Billing shall be based upon the proportionate share of the operating and maintenance costs of the commonly used lines to be determined by the following formula:

$$\text{Cost of Conveyance} = \text{OM} \times \text{L1/L2} + \text{OM} \times \text{F1/F2}$$

OM is the cost of operating and maintenance for sanitary sewage collection lines in Valley Township. OM shall be determined by the Township subject to the review of the appropriate financial records by CCA.

L1 is the total length of commonly used lines.

L2 is the total length of all sewage collection lines in Valley Township.

L1 and L2 shall be determined from the mapping of the Township sewer system.

F1 is the flow into Valley Township as metered by CCA meters at connecting points for conveyance of sewage. F1 shall be determined by meter readings.

F2 is the total flow in the commonly used lines. F2 shall be calculated by the Township subject to review and approval by CCA and using where appropriate metering records at the downstream Township points of connection with the CCA system.

The cost of conveyance shall be calculated on an annual basis or at the time of any connection made by CCA to the Township system or where significant changes (more than 10% of total connected daily flow) occur within the Valley Township system. Calculation for cost of conveyance shall be available for confirmation no less than thirty days before taking effect.

ARTICLE VIII - INFILTRATION AND INDUSTRIAL WASTES.

Section 1 - The Township and CCA agree that the sewage and wastes discharged by any user into either of their collection systems shall not contain stormwater, roof, subsurface, or surface drainage. Both CCA's and the Township's sewer construction specifications shall require infiltration, exfiltration, and/or air pressure tests made at the time of construction. The infiltration or exfiltration of the sewer system at the time of the test shall not exceed 100 gallons per one-inch diameter of pipe per mile in 24 hours. Air test results for acceptance shall be in accordance with techniques for new pipe systems current at the time of construction.

Section 2 - CCA and the Township shall enact rules and regulations and/or ordinances, within 60 days of execution of this Agreement, prohibiting the discharge of surface and/or subsurface stormwater into their respective systems. Such rules and regulations and/or ordinances shall prohibit the construction, installation, or use of any facility which causes surface and/or subsurface stormwater or groundwater to be discharged to the sanitary sewer system. Facilities prohibited shall include, but not be limited to, sump pumps, area drains, yard drains, perimeter drains, foundation drains, roof leaders,

downspouts, street inlets, storm sewers, cross connections, etc. Restrictions contained within the ordinances enacted through the Township shall be equal to or stricter than those enacted by CCA.

Section 3 - The Township agrees to take appropriate measures to prohibit any connection to the Township collection system of any industrial establishment from which industrial waste is or may be discharged into the system, except in accordance with the Sewer Use Rules and Regulations adopted by CCA which Sewer Use Rules and Regulations are made a part of this Agreement as if appended thereto.

Section 4 - Whenever an existing or new user of the Valley Township sewer system proposes to alter the character of a waste from that previously discharged to introduce industrial waste or proposes to discharge any new industrial waste into the sewer system, CCA shall be so notified in writing by the Township and such notification shall be made prior to such change or new discharge to enable the waste to be analyzed by CCA to determine its acceptability before such change or new discharge takes place, and such discharge shall not occur prior to the granting of approval by CCA.

Section 5 - In order to facilitate the control of industrial waste into the sewage collection system and thus to the treatment plant, the rules and regulations of CCA and Valley Township shall contain the provision "If industrial waste is proposed to be introduced into any sewer system tributary to CCA's Treatment Works, whether the sewer system is maintained by CCA or by any other municipality or private party, the customer or user shall obtain a sewer service agreement with CCA before commencing the discharge of such industrial waste". In issuing such permits and requiring such an agreement, CCA shall incorporate the provisions of the Rules and Regulations requiring the provision of control manholes, testing, reports and other relevant controls over the discharger of industrial waste. The agreement shall provide,

among other things, that CCA shall be reimbursed a reasonable cost of monitoring, testing and otherwise determining the character of wastes which are to be discharged. Charges imposed by CCA for the testing and monitoring of waste discharges shall be separate and apart from charges imposed by Valley Township for the collection and conveyance of sewage and for payment for treatment by CCA. It is not intended by this provision that CCA shall in any way alter the customer relationship between the party discharging the waste and Valley Township. Sewer use rates shall be continued to be paid by the user to Valley Township and in all respects the user shall be a customer of the Township. If as a result of testing conducted by CCA it is determined that the wastes are concentrated in nature, then CCA shall so advise the Township of any additional charges which will be made for sewage treatment at the CCA plant in accordance with the measures adopted by Section 9 of Article VII of this Agreement.

Section 6 - After examination of all relevant information as required by this article above, CCA reserves the right to refuse acceptance, and the Township will not permit the discharge of any industrial or other process waste whose quality may be deemed to have a harmful effect on the sewage treatment or sludge handling process and which cannot be processed by the treatment plant in the normal and ordinary course of operation.

Section 7 - CCA shall provide to the Township copies of all test information, reports, conclusions made by CCA, and any other relevant information relating to the acceptance or denial of discharges of industrial wastes.

ARTICLE IX - PARTICULAR COVENANTS OF VALLEY TOWNSHIP

Upon the execution of this Agreement, the Township covenants as follows:

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11/14/91

- A. To design and construct modifications and extensions to the sewage collection system so as to contain no stormwater thereof or subsurface drainage whatsoever.
- B. To maintain its collection system in good repair and operating condition and to operate it continuously as provided in other sections of this Agreement.
- C. To take any and all action by ordinance, or in any otherwise necessary and appropriate manner, to fulfill the provisions of this Agreement.

ARTICLE X - PARTICULAR COVENANTS OF CITY OF COATESVILLE
AUTHORITY.

Section 1 - Upon the execution of this Agreement, CCA covenants as follows:

- A. To maintain the interceptor, sewers, and treatment plant in good repair and operating condition and to operate them continuously.
- B. To readily accept and treat up to 550,000 gallons per day of sewage coming into CCA from the Township, subject to the provisions of this Agreement.

ARTICLE XII - MISCELLANEOUS.

Section 1 - The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions thereof shall not be construed as a waiver of any of its rights hereunder.

Section 2 - This writing constitutes the entire Agreement between the parties, and there are no other representations or agreements, verbal or written, other than those contained herein.

Section 3 - Whenever a notice is required to be given by mail, the following addresses shall be used unless a different address is specifically called for:

City of Coatesville Authority
114 East Lincoln Highway
Coatesville, Pennsylvania 19320

Valley Township
890 West Lincoln Highway
Coatesville, Pennsylvania 19320

Section 4 - This Agreement may be executed in any number of counterparts, each of which shall be properly executed by the Township and CCA, and all of which shall be regarded for all purposes as the original.

Section 5 - In the event that the Department of Environmental Resources of the Commonwealth of Pennsylvania, or any other regulatory body or governmental agency, shall fail or refuse to issue any permits for conveyance or treatment which may be necessary to accomplish the intent and purpose of this Agreement, the parties shall be relieved from further compliance with the terms of this Agreement until such time when such permit or permits shall be issued.

Section 6 - In the event that any disputes shall arise relative to the interpretation and/or application of the terms of this Agreement, the parties hereof do hereby agree to the following procedure to settle such matters:

- A. The parties, operators, and/or managers will attempt to discuss and solve the problem.

- B. If Step "A" does not prove satisfactory, a joint committee comprised of three members (the solicitor, engineer, and a councilman or supervisor) for each party will meet to attempt to solve the problem.

- C. If neither of the above steps proves successful, the dispute shall be resolved by decision of a panel consisting of the consulting engineer of each of the respective parties to the dispute, and an additional consulting engineer chosen by and acceptable to the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

Attest: *[Signature]* CITY OF COATESVILLE AUTHORITY
By: *Charles T. Williams*

VALLEY TOWNSHIP
By: *[Signature]*
Grover S. [Signature]

Attest: *Alvin A. [Signature]*
John T. [Signature]
Walter Johnson

Second Amended Appendix A-25-a

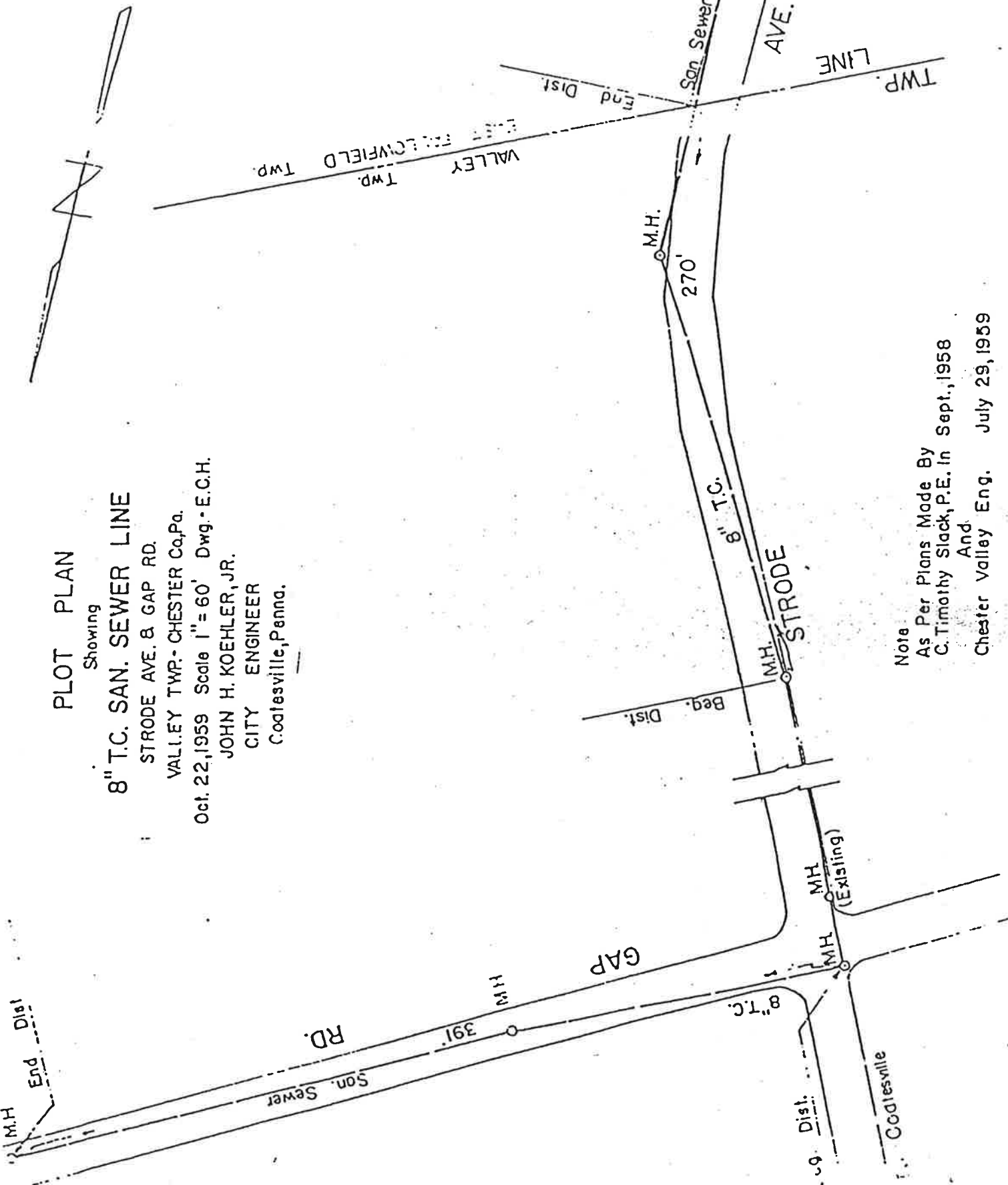
EXHIBIT A

116R

PLOT PLAN

Showing
8" T.C. SAN. SEWER LINE

STRODE AVE. & GAP RD.
VALLEY TWP. - CHESTER Co., Pa.
Oct. 22, 1959 Scale 1" = 60' Dwg. - E.C.H.
JOHN H. KOEHLER, JR.
CITY ENGINEER
Coatesville, Penna.



Note
As Per Plans Made By
C. Timothy Slack, P.E. in Sept., 1958
And
Chester Valley Eng. July 29, 1959

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EXHIBIT B

ANNEX "A"

VALLEY TOWNSHIP

BEGINNING on the westerly side of Strode Avenue, where the Strode Avenue line intersects with the line of Gap Road; thence along Gap Road in a northeasterly direction three hundred ninety one feet more or less to the end of the trunk line, and the second line BEGINNING at a point on Strode Avenue, said point being two hundred three feet in a southeastwardly direction from the intersection of Strode Avenue and Gap Road; thence along Strode Avenue in a southerly direction two hundred seventy feet to the East Fallowfield Township line.

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ADDENDUM TO SEWAGE TREATMENT AGREEMENT

THIS ADDENDUM TO THE SEWAGE TREATMENT AGREEMENT is made on the 16th day of SEPTEMBER, 1997, between the CITY OF COATESVILLE AUTHORITY, Chester County, Pennsylvania (CCA) and VALLEY TOWNSHIP, Chester County, Pennsylvania (Township).

WHEREAS, CCA and the Township entered into a Sewage Treatment Agreement on January 7, 1992, said agreement setting forth the terms and conditions for the conveyance and treatment of sanitary sewage and industrial waste from within the Township to CCA; and

WHEREAS, the Township does not presently have nor does the Township plan in the near future to extend a sewer main on Valley Road (Route 372) west of their existing sewer main ending at the Valley Crossing Subdivision on Valley Road; and

WHEREAS, there is a residential property including a single family dwelling at 521 Valley Road located west of the Valley Crossing Subdivision which has a failing on-lot septic system that is not practical to repair or replace; and

WHEREAS, CCA recently completed the construction of a sewer main on Valley Road known as the Parkesburg Sewer Main, which extends from Parkesburg to the City of Coatesville, and which has capacity available to connect the residential property at 521 Valley Road into the said main; and

WHEREAS, CCA and the Township mutually agree to allow the residential property at 521 Valley Road to connect to the Parkesburg Sewer Main.

NOW, THEREFORE, it is agreed as follows:

1. The property at 521 Valley Road (Route 372) in Valley Township shall be allowed to connect to CCA's Parkesburg Sewer Main.
2. The property shall become the sewer customer of CCA which shall charge and collect sewer fees in accordance with its sewer rate schedule in effect now and in the future.

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3. It is agreed and understood that this Addendum to the Sewage Treatment Agreement aforesaid mentioned, is for the property at 521 Valley Road only and does not include any other property within the Township.

4. This Addendum shall constitute an amendment to the said Sewage Treatment Agreement. To the extent that provisions contained in the said Sewage Treatment Agreement are inconsistent with the terms contained herein, the terms of this Addendum shall govern, solely pertaining to the property at 521 Valley Road. All other terms and provisions of the said Sewage Treatment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to the Sewage Treatment Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

VALLEY TOWNSHIP

By:

Prover E. Koon

James F. Fufa

Carol J. Mason

William T. Lambert Jr.
John K. Kullback

Attest:

Karen G. Smith

Secretary

CITY OF COATESVILLE AUTHORITY

By:

Charles T. Williams

Chairman

Attest:

Paul R. Bohm

Asst. Secretary

SECOND AMENDMENT TO THE SEWAGE TREATMENT AGREEMENT BETWEEN VALLEY TOWNSHIP AND PENNSYLVANIA-AMERICAN WATER COMPANY

THIS SECOND AMENDMENT is made and entered into as of the 14th day of December, 2004, by and between VALLEY TOWNSHIP, a Pennsylvania municipal corporation, and PENNSYLVANIA-AMERICAN WATER COMPANY, a Pennsylvania public utility corporation.

WITNESSETH

WHEREAS, Valley Township, (hereinafter referred to as the "Township"), owns and operates, a sewage collection and conveyance system in Valley Township, Chester County, Pennsylvania; and

WHEREAS, Pennsylvania-American Water Company (hereinafter referred to as ("Pennsylvania-American")) owns and operates a sewage treatment plant and a collection and conveyance system, providing public sewer service to various municipalities in and near Chester County, Pennsylvania, which sewage treatment plant was previously owned and operated by the City of Coatesville Authority; and

WHEREAS, the Township entered into a Sewage Treatment Agreement (hereinafter referred to as the "Sewage Treatment Agreement"), dated January 7, 1992, with the City of Coatesville Authority (hereinafter referred to as "CCA") which provided for the treatment of sewage from the Township at the CCA treatment plant; and

WHEREAS, CCA's sewer plant and sewage treatment and collection systems were acquired by Pennsylvania-American on March 22, 2001, along with all CCA's rights and obligations under the January 7, 1992 Sewage Treatment Agreement; and

WHEREAS, on June 29, 2001, Valley Township, Valley Township Municipal Authority and Pennsylvania-American Water Company entered into a First Amendment to the Sewage Treatment Agreement dated January 7, 1992; and

WHEREAS, by letter dated May 8, 2002, the Township requested additional sewer capacity in Pennsylvania-American's sewer system, as provided in the Sewage Treatment Agreement; and

WHEREAS, by letter dated May 20, 2002, Pennsylvania-American approved the Township's request to increase the Average Daily Flow to 707,500 gallons as defined in the Sewage Treatment Agreement; and

WHEREAS, the parties desire to further clarify and amend the Sewage Treatment Agreement by, among other things, revising the definition of "Average Daily Flow" and allowing for increases in the Average Daily Flow.

NOW THEREFORE, this Second Amendment witnesseth that for and in consideration of the respective covenants and agreements of the parties hereinafter set forth, the parties hereto, intending to be legally bound hereby, do covenant, contract and agree as follows:

1. The Sewage Treatment Agreement dated January 7, 1992 between the Township and CCA, now Pennsylvania-American and the First Amendment to the Sewage Treatment Agreement dated June 29, 2001, are incorporated herein by reference.

2. Article 1, of the Sewage Treatment Agreement, providing for the definition of the term "Average Daily Flow", is hereby amended to read as follows:

"Average Daily Flow - Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to all points of connection during a "rolling" twelve (12)

month period divided by the total number of days in that period."

3. Article III, Section 3 of the Sewage Treatment Agreement is hereby amended to read as follows:

"Section 3 -Pennsylvania-American hereby grants to the Township, an increased average daily flow of sanitary sewage from 707,500 gallons per day (GPD) granted by letter dated May 20, 2002, to 1,140,000 GPD, subject to the limitations and payment of charges set forth in this Agreement. After Pennsylvania-American has expanded treatment capacity at the wastewater plant, an additional 400,000 GPD will be made available to the Township for a total average daily flow of 1,540,000 GPD, at such fee as shall be applicable at that time. Pennsylvania-American agrees to convey and treat and dispose of such sewage in a manner approved by the Pennsylvania Department of Environmental Protection, formerly known as the Pennsylvania Department of Environmental Resources, and in accordance with the terms and provisions set forth herein. The above limitation shall not include flows at the unmetered connections provided for by the City of Coatesville/Township agreement of October 22, 1959".

4. The parties understand and agree that the amount due from the Township to Pennsylvania-American under Article VII, Section 8 of the Sewage Treatment Agreement as a result of the increase granted in this Second Addendum is Seven Hundred Sixty-Eight Thousand Nine

Hundred Eighty-Five (\$768,985) Dollars which amount is due upon the execution of this Second Addendum.

5. Article IV, of the Sewage Treatment Agreement is hereby amended to add the following:

Section 13 - Within thirty (30) days of the execution of this Second Addendum, for One (\$1.00) Dollar and other good and valuable compensation, ownership and maintenance responsibility for the three meters at the connection points used for monitoring and billing shall transfer from the Township to Pennsylvania-American. The Township hereby grants Pennsylvania-American the right to enter upon the facilities to read and maintain the meters. Pennsylvania-American will maintain the meters at its sole expense.

6. Article VII of the Sewage Treatment Agreement is hereby amended to add the following:

Section 12 - In the event the quantity of flow from the Township exceeds the allowable Average Daily Flow during any billing period, the Township shall pay two times the current rate effective at the time, for discharges in excess of the Average Daily Flow times a peaking factor of 1.2 during the billing period. (For example, the Maximum Monthly Flow would be 1,140,000 GPD times 30 days in the billing period times 1.2 peaking factor equals 41,040,000 gallons. The Township, at current rates, would pay \$2.13 per 1,000 gallons

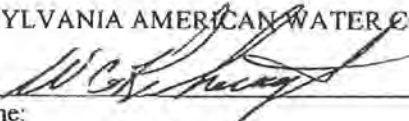
up to 41,040,000 gallons. For any flow in excess of that amount, the Township, at current rates, would pay \$4.26 per 1,000 gallons). The rate of two times the existing rate is in lieu of any additional capacity fees for exceeding the granted capacity.

7. The parties recognize and expressly agree that this Second Amendment of the Sewage Treatment Agreement is conditioned upon (a) the approval of the Pennsylvania Public Utility Commission (the "Pennsylvania PUC"), and (b) the Township's adoption of a resolution approving Pennsylvania-American's Act 537 Sewage Facilities Plan - Tributary Municipalities of Pennsylvania-American Water Company, as prepared by URS Corporation, Project No. 20592391.AT.537.


8. All other terms and conditions of the Sewage Treatment Agreement and First Amendment shall be and remain in effect, and the Sewage Treatment Agreement is only amended as set forth in this Second Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment of the Sewage Treatment Agreement between Valley Township and Pennsylvania-American Water Company to be executed on the day and year first above written.

PENNSYLVANIA AMERICAN WATER COMPANY

By: 
Name:
Title: (Vice) President

VALLEY TOWNSHIP

By: 
Name:
Title: ~~(Vice)~~ Chairman

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SEWAGE CONVEYANCE AGREEMENT

THIS AGREEMENT, is made on 3rd day of MARCH, 2012 between the PENNSYLVANIA-AMERICAN WATER COMPANY (PAW), a Pennsylvania corporation with offices at 800 West Hersheypark Drive, Hershey, PA 17033 and VALLEY TOWNSHIP, a Pennsylvania Township of the Second Class, with its offices located at 890 West Lincoln Highway, Coatesville PA, 19320.(hereinafter referred to as Township).

This Agreement is for the conveyance of sanitary sewage at three points of connection including 1) East Fallowfield Connection @ manhole SS6, Mt. Carmel Road ; 2) West Caln Country Club Connection @ manhole 108; and 3) West Caln Sands Development Connection @ manhole 100 .

BACKGROUND

WHEREAS, PAW is a Pennsylvania corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and owns and operates a sewage treatment plant which provides public sewer service to various municipalities in and near the City of Coatesville; and

WHEREAS, the Township is a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and provides sewage collection service to residential, commercial, and industrial users within the Township and the Township's collection system is connected to PAW's collection system so that sanitary sewage discharged by said Township users may be received by PAW for treatment and disposal at its sewage treatment plant ; and

WHEREAS, the City of Coatesville Authority (CCA), predecessor to

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PAW, and the Township entered into a Sewage Conveyance Agreement dated January 7, 1992 for an East Fallowfield Connection on Mt. Carmel Road providing, among other things, the right of CCA (now PAW) to convey sanitary sewage from points outside of Valley Township into and through the Valley Township Sewage Collection System to a point of connection to the existing CCA (now PAW) Sewage Collection System.

WHEREAS, PAW and the Township desire to replace the prior January 7, 1992 Sewage Conveyance Agreement. This new Agreement shall replace the January 7, 1992 Agreement in its entirety. In addition, this new agreement adds two additional Points of Connection.

NOW THEREFORE, it is agreed as follows:

ARTICLE I – DEFINITIONS.

The terms defined in this Article, wherever used or referred to in the Agreement, shall have the following respective meanings.

Average Daily Flow – Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to a point during a given day period of time, and dividing by that same given period.

Cost of Operation and Maintenance – A term used in the calculation of the Cost of Conveyance in ARTICLE VI that includes costs associated with the operation of the Valley Township sewage collection system and pumping stations which are used for the conveyance of sanitary sewage from and by Valley Township, as well as the conveyance of sanitary sewage through Valley Township by PAW, said operation to be performed in an efficient and economical manner. Such costs shall include the cost of all operations and maintenance labor, repairs to existing facilities, normal recurrent in-kind replacements, and as may be necessary, all taxes, engineering, legal, administration, accounting and superintendence expenses, and casualty and other insurance premiums.

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This shall not include capital costs related to construction projects, Sewage Treatment Costs or capacity fees payable to PAW or any extraordinary legal or other expenses.

Domestic Wastewater – Customary wastes from kitchens, water closets, lavatories and laundries as defined by PAW tariff.

Industrial Wastewater – The liquid waste or liquid borne waste resulting from the processing employed by an industrial user, whether treated or untreated, as defined by PAW tariff.

Point(s) of Connection – Point or points at which PAW receives sanitary sewage, including industrial wastewater from the Township's system to a point for treatment or disposal or where the Township receives sanitary sewage from PAW for conveyance through the Township's system.

PAW Customer(s) - The number of premises served by PAW upstream of the Point of Connection.

Sanitary Sewage – All wastewater, both domestic and industrial, from residences, offices, hotels, stores, restaurants, commercial establishments, industrial establishments, and similar users within the Township.

Sewage Treatment Cost- Township cost which it pays to PAW as per the Sewage Treatment Agreement and any Amendments.

Sewage Treatment Agreement - Agreement(s) concerning sewage treatment between the Township and PAW, including any Amendments.

Slug – Any sanitary sewage discharge which, for a period of fifteen minutes, shall exceed five times the average daily flow. The term particularly applies to the sudden emptying of large vats, tanks or swimming pools into the sewerage system.

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Treatment Plant – Existing sewage treatment plant and facilities owned and operated by PAW, together with any additions, modifications and/or improvements thereto.

ARTICLE II - STATEMENT OF INTENT.

The parties hereto agree that it is the intent of this Agreement to provide for the conveyance of Sanitary Sewage from a sanitary sewer system in East Fallowfield Township and two in West Caln Township operated by PAW, to three Points of Connection, and then from those points through a portion of the Township sewer system to the PAW sewer system in Coatesville, and from there to the Treatment Plant owned by PAW for treatment and disposal of those wastes in common with other wastes flowing through the PAW system, and to provide for payment to the Township by PAW as described under ARTICLE VI within this Agreement .

ARTICLE III - TERMS OF AGREEMENT.

Section 1 – This Agreement shall be effective as of the above date and shall continue for an indefinite period from said date. Any sewage treatment agreements or amendments now existing or to be reached by the Township and PAW shall affect this Agreement in that, should PAW terminate a Sewage Treatment Agreement, this conveyance agreement between PAW and the Township shall be subject to renegotiation at that time, but the Township shall have no obligation to continue the conveyance agreements under this situation. Should the Township terminate the existing Sewage Treatment Agreement or amendments, the conveyance agreement between PAW and the Township shall continue in full force and effect. PAW shall have the right to discontinue use at any Point of Connection and not convey flows to the Township provided that 90 days notice is provided to the Township.

Section 2 – The Township hereby grants to PAW the right to continue the connection of a sanitary sewer emanating from East Fallowfield Township to Manhole Number SS6

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located on Mt Carmel Road south of the Valley Township and East Fallowfield line as shown on Exhibit 1. This connection is for the purpose of conveying sanitary sewage through the Township system from the connection point at SS6 to the PAW sewage meter pit, at the connection to PAW system located along Valley Road. Sanitary sewage flows conveyed through the Township system for PAW shall be deducted from, and not included in, metered flow used for billing of Valley Township by PAW. The limitation on the Township's right to discharge sanitary sewage as provided in existing Sewage Treatment Agreements(s) should not be included in the calculation of any future capacity fees.

Section 3 – The Township hereby grants to PAW the right to continue the connection located at Valley Township Manhole 108 at the intersection of Country Club Road and Mineral Springs Road, and as shown on Exhibit 2.

Section 4- The Township hereby grants to PAW the right to connect an additional sanitary sewer emanating from a residential development north of the Highland's Corporate Center and known as the Sands Development in West Caln Township to Manhole 100 in the Hilltop Lane cul-de-sac as shown on Exhibit 3. This Point of Connection is currently under review by the Township. This Point of Connection is conditional upon; (1) the Township granting the developer final approval of the force main route and tie-in method, and (2) the developer receiving necessary permits from all State and local agencies and PAW receiving approval from the Public Utility Commission to provide service to the Sands Development.

Section 5 – If the Township, at any future time, shall transfer title to its sewer system to any entity by deed or otherwise, it shall assign all its rights and interests in and under this Agreement to said entity and, upon such assignment, the assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement, and the Township thereafter shall cease to be a party to this Agreement. This Agreement also shall be binding upon and inure to the successors and assigns of any party to this Agreement.

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Section 6 – PAW and the Township agree that rules and regulations which may be adopted for making of connections and use of the sewer system in conformance with existing Sewage Treatment Agreement(s) shall apply to the sewer system operated by PAW. PAW also agrees to enforce the provisions of such rules and regulations at all times, and PAW agrees that the Township or its duly authorized representative shall have the right, at all times, to inspect the sewer system connected to the Township for conveyance, and to compel the discontinuance of any connection which it finds to be in violation of this Agreement.

Section 7 – The parties hereto agree to comply with all applicable present and future Pennsylvania or United States laws, as well as any rules, regulations, permits, orders and requirements lawfully made by any governmental body having jurisdiction and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

ARTICLE IV - CONVEYANCE FACILITIES – POINT(S) OF CONNECTION

Section 1 - The sanitary sewer connection from the Valley Township/East Fallowfield Township line to MH SS6 within East Fallowfield Township, the connecting point cited above, shall be owned and maintained by the Township.

Section 2 – Sanitary sewage from PAW's sewage collection system that provides service to 54 PAW Customers shall be collected and conveyed to a Point of Connection at MH SS6.

- A. PAW shall install and thereafter at all times maintain a flow meter upstream of the Point of Connection at MH SS6 to meter all East Fallowfield Township wastewater flows discharging into Valley Township's sewage collection system at this point. The expense of procurement, installation and maintenance thereof shall be borne by PAW. The said meter shall be capable

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of recording electronically the instantaneous flow and daily totals which the Township shall have access at a minimum every month..

- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharge. This estimate will be based on an evaluation of past flow records as applied to present conditions, and reviewed and approved by representatives of both PAW and the Township.

Section 3 - Sanitary sewage from PAW's sewage collection system shall be collected and conveyed to a Point of Connection at Township Manhole 108

- A. PAW shall meter the water usage of Coatesville Country Club that is connected to its collection system and flows into manhole 108. The metering device shall be maintained in compliance with Pennsylvania Public Utility Commission standards. Meter reading data shall be made available to the Township at a minimum of every month.

- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharge. This estimate will be based on an evaluation of past flow records as applied to present conditions, and reviewed and approved by representatives of both PAW and the Township

Section 4 - Sanitary sewage from PAW's future Sands Development (Tax Parcel 28-8-117) sewage collection system shall be collected and conveyed to a Point of Connection at Township Manhole 100.

- A. At or before the commencement of actual sewage disposal service PAW shall cause to have installed and thereafter at all times maintain a flow meter at a point mutually agreed upon by both parties. The expense of

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procurement, installation and maintenance thereof shall be borne by PAW. The said meter shall be capable of recording electronically the instantaneous flow and daily totals which the Township shall have access to.

- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharge. This estimate will be based on an evaluation of past flow records as applied to present conditions, and reviewed and approved by representatives of both PAW and the Township.

Section 5 – Maximum flow rates at the point(s) of interconnection shall not exceed 3.0 times the average daily flow rate at any time. Maximum flow rates equal to 3.0 times the average flow rate shall be limited to duration of not more than 30 minutes in any day.

ARTICLE V – MAINTENANCE, SAVE HARMLESS AGREEMENT, INSURANCE.

Section 1 – PAW and the Township agree, in regard to their respective collection systems, to operate continuously and keep and maintain the same at all times in good repair and order, and in good and efficient operating condition, and to meet the standards prescribed by the Pennsylvania Department of Environmental Protection or of any other governmental authority having jurisdiction thereof.

Section 2 – The Township agrees to indemnify and save harmless PAW against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of the Township, its respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 3 – PAW agrees to indemnify and save harmless the Township against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of PAW, its respective

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servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 4 – PAW and the Township shall insure or cause to be insured their respective facilities (i.e., including but not limited to treatment plant, collection system and interceptors) in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania against loss or damage by fire and against such other risks in such amounts as usually are carried upon, or with respect to, like property in Pennsylvania. Immediately after any loss or damage to either parties' facilities or any part thereof, the affected party will commence and duly prosecute the repair, replacement, or reconstruction of the damaged or destroyed portion of its facilities, all according to the provisions as previously defined. Both parties will also maintain liability insurance with an aggregate limit in the amount of \$2,000,000 against any loss or injury to third persons or property of third persons as a result of fire, explosion, and other risk and casualty occurring to their respective facilities.

ARTICLE VI – CHARGES AND PAYMENTS

Section 1 – Quarterly billings to PAW, or other time periods as mutually agreed upon, for the conveyance of PAW sanitary sewage through the Township system shall be delivered by the Township and payable as provided hereinafter. Township billing to PAW shall be based upon the Township's current sewer rates. If one classification of customer exists within the Township's rate structure, the billing rate shall be based upon that classification. If more than one customer classification exists, the billing rate to PAW shall be based upon the rate that includes residential customers.

Cost of Conveyance shall be the sum of the individual cost of conveyance, as described below, for the Points of Connection as defined in Article IV. Billing shall be based upon the following formula and definitions:

Cost of Conveyance

Quarterly Cost of Conveyance per Point of Connection = (Township Sewer Cost per Quarter per Customer) X (Number of PAW Customers) X (Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System)

Definitions:

- Quarterly Water Usage or Quarterly Sewer Discharge Amount (or time period as mutually agreed upon)– The water usage in gallons of PAW Customers or sewer discharge amount based upon water or sewer meter readings as described in Article IV.
- PAW Customers – Number of PAW Customers upstream of each Point of Connection for which the Township receives sanitary sewage from PAW for conveyance through the Township's system. The three Points of Connection are described in Article IV.
- Township Current Sewer Rates – Township rate for sewer customer as per Article VI, Section 1.
- Township Sewer Cost per Quarter per PAW Customer – A calculation per Point of Connection of the Quarterly Water Usage or Quarterly Sewer Discharge Amount divided by the number of PAW customers; then applying the Township residential sewer rate structure, as described in the examples below.
- Cost of Operations and Maintenance – See Article I.
- Sewage Treatment Cost- See Article I.

Example Cost of Conveyance calculation for Point of Connection MHSS6

Step 1: Determine average usage per PAW customer

Quarterly Sewer Discharge Amount of PAW Customers (gallons) / number of PAW Customers = Average discharge per PAW customer per quarter.

Example: 756,000 gallons per quarter / 54 PAW Customers = 14,000 gallons per quarter per PAW Customer.

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Step 2: Apply Township Current Sewer Rates to PAW Customers

14,000 gals per quarter per PAW customer

Sewer Rate -First 10,000 gals = \$143.00

For each additional 1,000 gals = \$8.60

Township Sewer Cost per Quarter per PAW Customer = \$143.00 + \$34.40 =
\$177.40

Step 3: Calculate Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System

Example:

Sewage Treatment Cost = \$399,141 per Quarter

Cost of Operations and Maintenance as defined in Article I = \$55,019 per quarter

Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System = (Cost of Operations and Maintenance Applicable to Entire Township Conveyance System) / (Cost of Operations and Maintenance Applicable to Entire Township Conveyance System + Sewage Treatment Cost)

Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System = (\$55,019 per quarter) / (\$55,019 per quarter + \$399,141 per quarter)

Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System = 0.121

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Step 4: Calculate Quarterly Cost of Conveyance to the Township (for Point of Connection MHSS6).

Quarterly Cost of Conveyance = (Township Sewer Cost per Quarter per Customer) X (Number of PAW Customers) X (Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System)

Quarterly Cost of Conveyance = (\$177.40 per quarter per PAW Customer) X (54 PAW Customers) X (0.121)

Quarterly Cost of Conveyance = \$1,159.13 (for Point of Connection MH SS6)

Example Cost of Conveyance calculation for Point of Connection MH108

Step 1: Determine Average Usage per PAW customer

Quarterly Water Usage of PAW Customers (gallons) / Number of PAW Customers = Average Usage per PAW customer per quarter.

Example: 439,900 gallons per quarter / 1 PAW Customer = 439,900 gallons per quarter per PAW Customer.

Step 2: Apply Township Current Sewer Rates to PAW Customers

439,900 gals per quarter per PAW customer

Sewer Rate -First 10,000 gals = \$143.00

For each additional 1,000 gals = \$8.60

Township Sewer Cost per Quarter per PAW Customer = \$143.00 + \$3,697.14 = \$3,840.14

Step 3: Calculate Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System

Example:

Sewage Treatment Cost = \$399,141 per Quarter

Cost of Operations and Maintenance as defined in Article I = \$55,019 per quarter

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Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System = (Cost of Operations and Maintenance Applicable to Entire Township Conveyance System) / (Cost of Operations and Maintenance Applicable to Entire Township Conveyance System + Sewage Treatment Cost)

Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System = (\$55,019 per Quarter) / (\$55,019 per quarter + \$399,141 per quarter)

Township Ratio of Operations & Maintenance Costs Applicable to Entire Conveyance System = 0.121

Step 4: Calculate Quarterly Cost of Conveyance to the Township (for Point of Connection MH108).

Quarterly Cost of Conveyance = (Township Sewer Cost per Quarter per PAW Customer) X (Number of PAW Customers) X (Township Ratio of Operations & Maintenance Costs Applicable to Entire Township Conveyance System)

Quarterly Cost of Conveyance = (\$3,840.14 per quarter per PAW Customer) X (1 PAW Customer) X (0.121)

Quarterly Cost of Conveyance = \$464.60 (for Point of Connection MH 108)

ARTICLE VII - MISCELLANEOUS

Section 1 – The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions thereof shall not be construed as a waiver of any of its rights hereunder.

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Section 2 – This writing constitutes the entire Agreement between the parties, and there are no other representations or agreements, verbal or written, other than those contained herein.

Section 3 – Whenever a notice is required to be given by mail, the following address shall be used unless a different address is specifically called for:

Pennsylvania American Water Company
100 Cheshire Court, Suite 104
Coatesville, Pennsylvania 19320

Valley Township
P.O. Box 467
890 West Lincoln Highway
Coatesville, Pennsylvania 19320

Section 4 – This Agreement may be executed in any number of counterparts, each of which shall be properly executed by the Township and PAW, and all of which shall be regarded for all purposes as the original.

Section 5 – In the event that the Department of Environmental Protection of the Commonwealth of Pennsylvania, or any other regulatory body or governmental agency, shall fail or refuse to issue any permits for conveyance which may be necessary to accomplish the intent and purpose of this Agreement, or any part of this Agreement, the parties shall be relieved from further compliance with the terms of that portion of the Agreement until such time when such permit or permits shall be issued.

Section 6 -Severability clauses:

If any provision of this agreement is determined to be invalid, void, or ineffective for any reason, all remaining provisions of the agreement shall remain in full force and effect between the parties.


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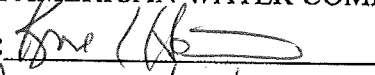
Section 7 The Township understands and agrees that this Agreement can only become effective and binding thirty (30) days after PAW has filed a copy with the Commission, or in the event that the Commission institutes an investigation, at such time as the Commission grants its approval thereof.


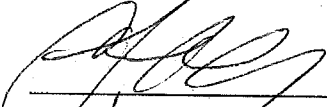
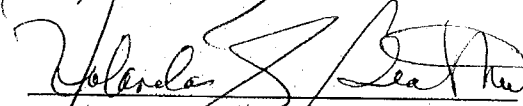
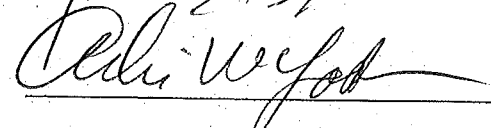
Section 8 – In the event that any disputes shall arise relative to the interpretation and/or application of the terms of this Agreement, the parties hereof do hereby agree to the following procedure to settle such matters:

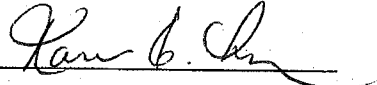
- A. The parties, operators, and/or managers will attempt to discuss and solve the problem.
- B. If Step "A" does not prove satisfactory, a joint committee comprised of two members (the solicitor and representative) for each party will meet to attempt to solve the problem.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

Attest: 
6/18/2012

PENNSYLVANIA AMERICAN WATER COMPANY
BY: 
Mar 6/12/2012

VALLEY TOWNSHIP
BY: 




Attest: 

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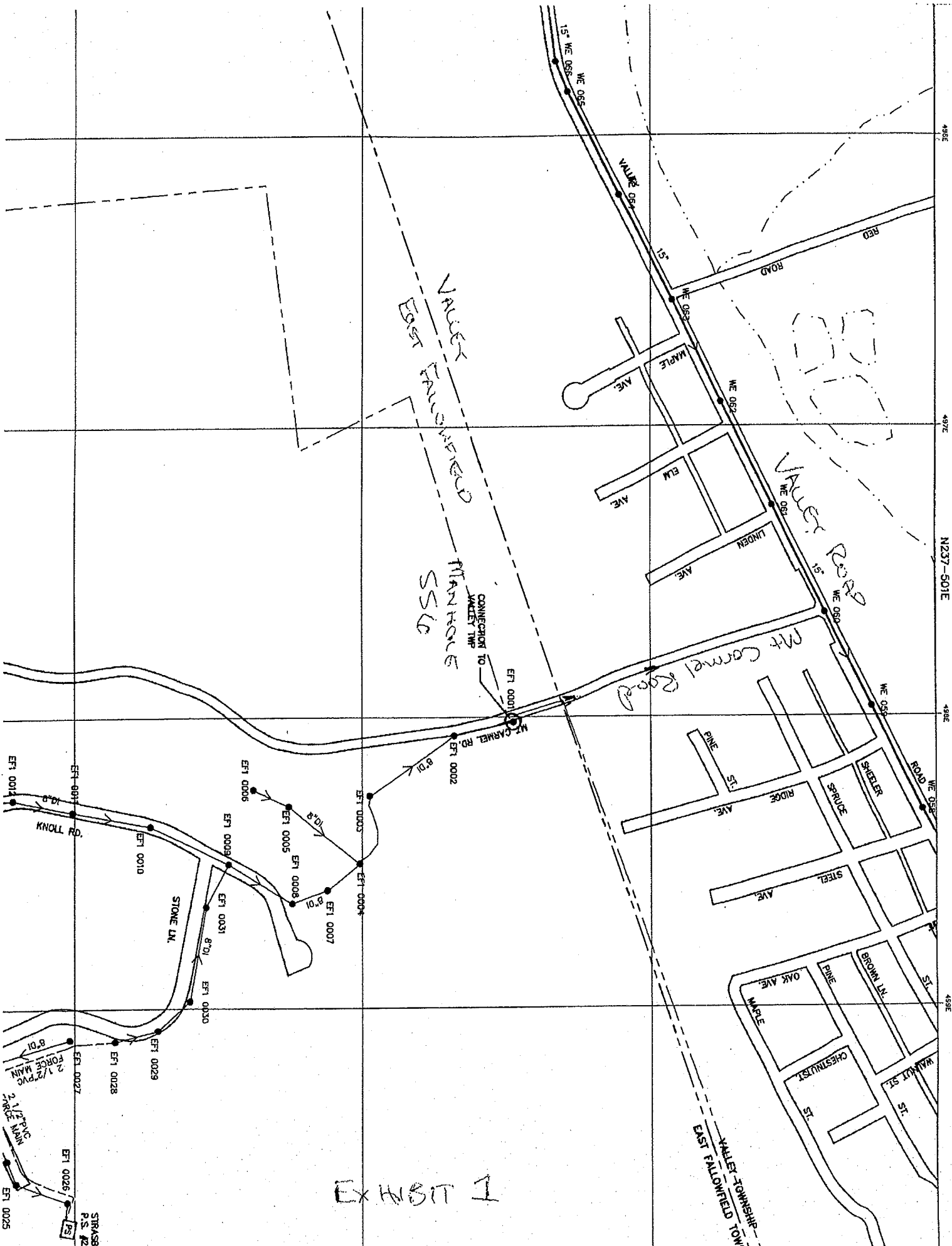
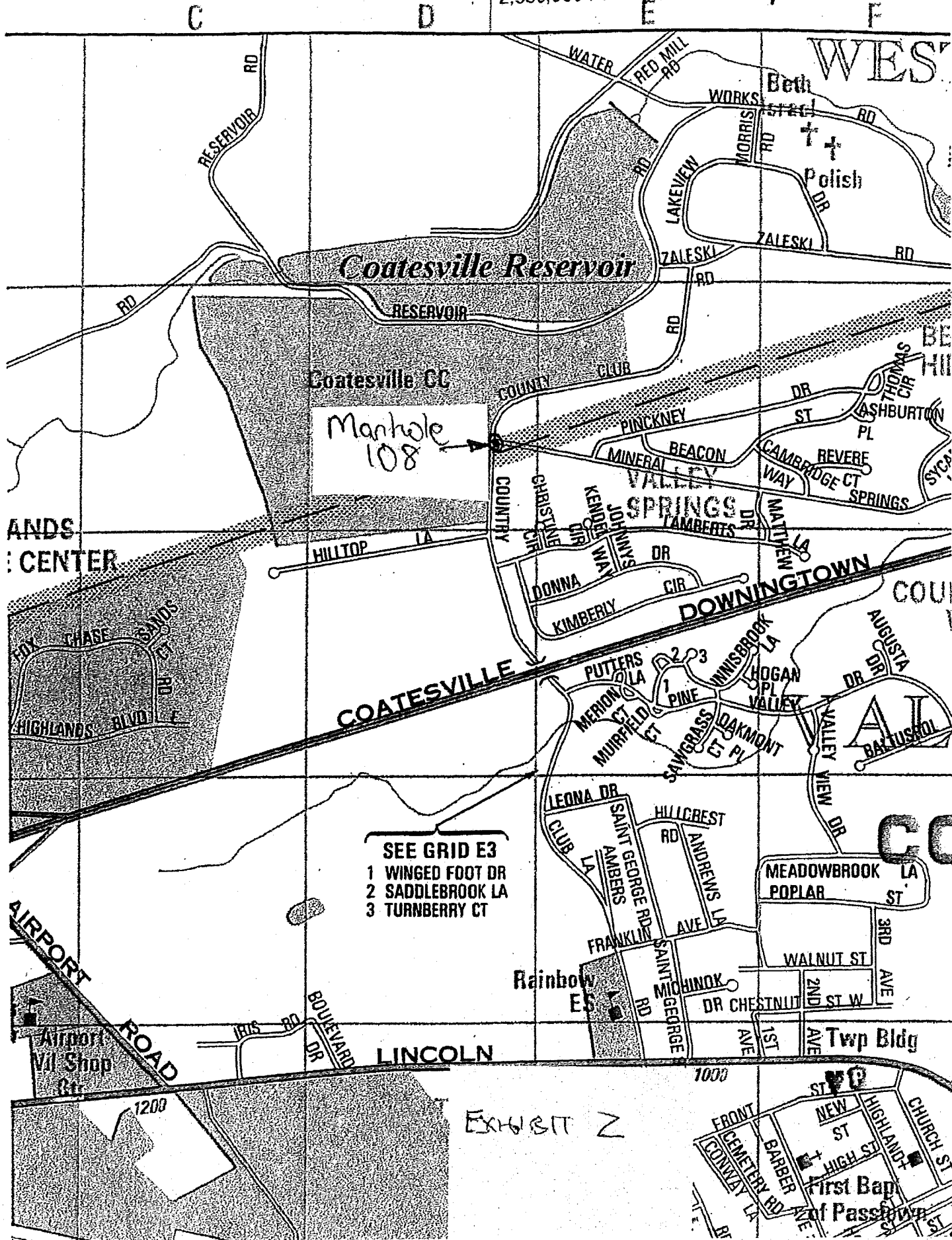


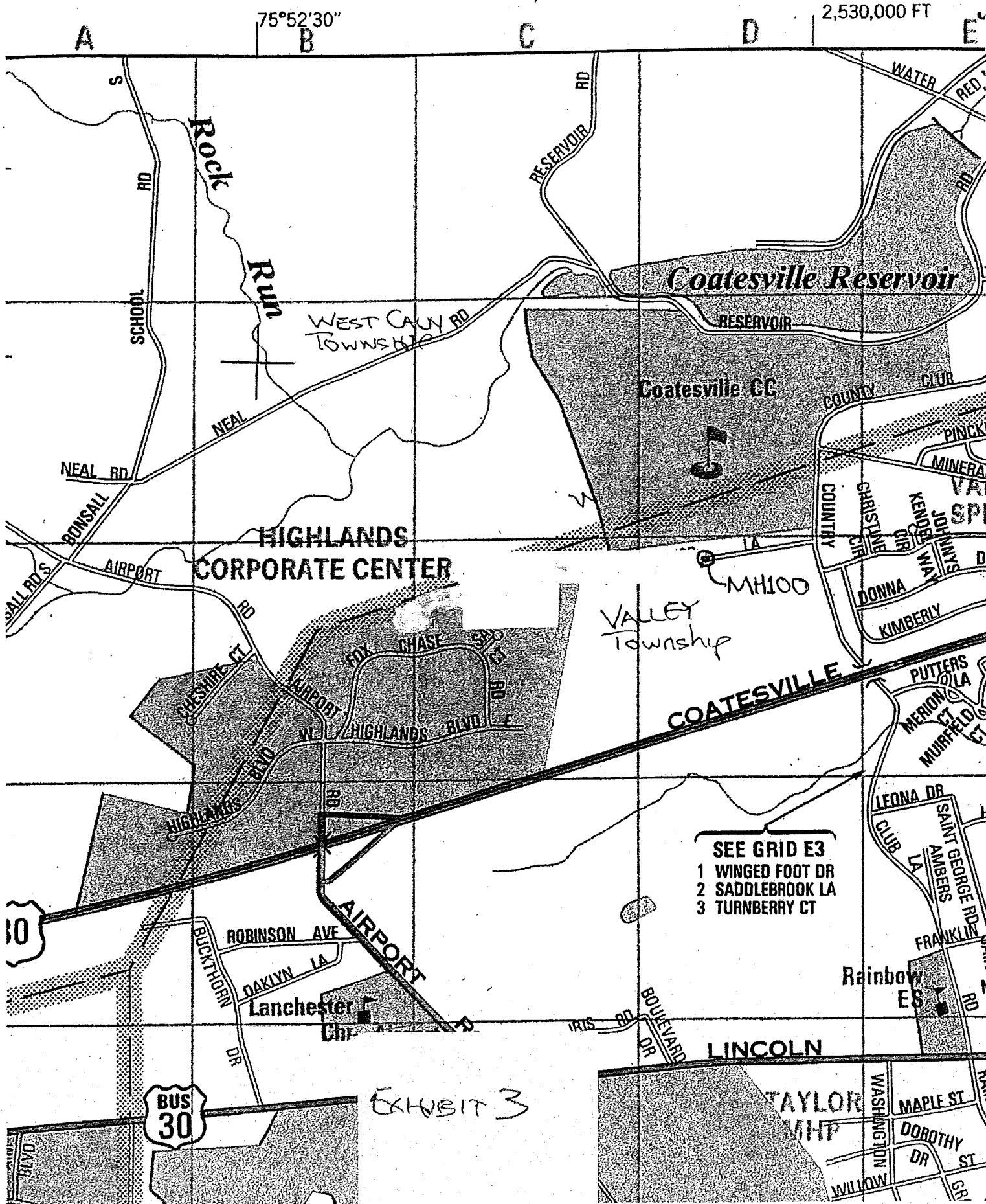
EXHIBIT 1

2,530,000 FT

Joins Map 18



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75°52'30"

2,530,000 FT

HIGHLANDS CORPORATE CENTER

Coatesville Reservoir

Coatesville CC

VALLEY Township

COATESVILLE

SEE GRID E3
1 WINGED FOOT DR
2 SADDLEBROOK LA
3 TURNBERRY CT

EXHIBIT 3

BUS 30

LINCOLN

TAYLOR

WASHINGTON
MAPLE ST
DOROTHY ST
WILLOW
RAINFORD

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SEWER MAIN EXTENSION AGREEMENT

ROCK RUN PUMP STATION SEWER EXTENSION

THIS AGREEMENT, made this 7th day of March, 2006, by and between Pennsylvania-American Water Company, with offices at 800 West Hershey Park Drive, Hershey, Pennsylvania 17033 ("PAWC"), DHLP – Oakcrest, L.P., 435 Devon Park Drive, Building 200, Wayne, Pennsylvania 19087, 610-535-6000 ("Developer"), Valley Township, 890 West Lincoln Highway, Coatesville, Pennsylvania 19320, 610-384-5751 ("Township").

WHEREAS, PAWC, Developer, and Township have agreed upon terms and conditions pursuant to which sewer service will be supplied by PAWC for the new pump station already constructed known as Rock Run Pump Station in Valley Township, Chester County, Pennsylvania, which is located at _____ in Valley Township;

WHEREAS, PAWC is willing to provide sewer service to the new pump station constructed by Valley Township; and

WHEREAS, Township has requested PAWC to extend its sewer mains to replace the existing Township forcemain connection that falls within the City of Coatesville as identified on the plan attached hereto as Exhibit "A"; and

WHEREAS, Township is willing and desires to assist in the installation of such extension and desires to bear the cost with funds provided by the developer.

NOW, THEREFORE, IN CONSIDERATION OF THESE PRESENTS, the parties intending to be legally bound hereby, mutually promise, covenant and agree as follows:

1. Upon execution of this Agreement, the Developer on behalf of the Township will deposit with PAWC the sum of \$5,000.00 as indicated in the estimate attached hereto as Exhibit "B". This sum represents the remaining balance for the estimated engineering, inspection, contingencies, administrative and legal costs as well as deposit for security for the receipt of as-built drawings, computer as-built drawing files, and easements (if applicable) associated with the installation of the sewer service for the pump station referenced above. Completion of the project includes receipt by PAWC of as-built drawings and dedication of the system with required easements and bill of sale. Any unused portion of the escrow deposit will be released to the Developer upon acceptance of dedication of the Sewer System.

With respect to the portion of the project Developer will construct pursuant to the provisions of Paragraph 2 below, Developer shall provide PAWC with assurances in the amount of \$419,888.70 by a performance bond or letter of credit or escrow account in form and content acceptable to PAWC. PAWC shall have the right to call upon such letter of credit, bond or escrow account to pay for the unfinished portion of the project at the termination of the term unless renewed at an appropriate amount to provide for the work remaining to be done. The Developer may request, and PAWC shall authorize, the reduction of the amount of the performance bond or letter of credit, from time to time

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(with a maximum of monthly draw-down) by the amount(s) representing the value of work completed at the time of the request and since any previous request and reduction.

PAWC may elect to terminate this Agreement if the Developer fails to deposit with PAWC the escrow and assurances listed above within one (1) calendar year from the date of this Agreement. PAWC shall provide sixty (60) days written notice to the Developer of the intent to terminate this Agreement. If a satisfactory response or action is not received by PAWC after the sixty (60) days, the Agreement may be terminated.

2. The Developer shall perform the following work pursuant to this Agreement at the Developer's expense:
 - a. Construct an extension of an existing sewer main, services and other facilities as indicated on the drawings, Exhibit "A", and in estimates attached hereto as Exhibit "B"; said installation to be completed according to PAWC specifications for the construction of sewer mains attached hereto as Exhibit "D". These Exhibits are made a part hereof as if completely incorporated herein. This installation of the main shall be under PAWC's direction and observation and shall include all required appurtenances to complete the system according to PAWC's specifications.
 - b. Install approximately 2,450 linear feet of 10" force main, 440 linear feet of 15" gravity sewer main, 2 manholes, 2 air-release manholes.
 - c. Excavate, backfill and restore all areas consistent with the regulations of PAWC and the regulations of the City of Coatesville and the Pennsylvania Department of Transportation (PennDOT), if applicable. Developer shall prepare applications on behalf of PAWC and in the name of PAWC, for the proper road and construction permits from the City of Coatesville and PennDOT.
 - d. Provide connection to the existing sewer main as indicated on the drawings, Exhibit "A".
 - e. Install all sewer main appurtenances as shown on the plans, Exhibit "A" and "D".
3. Developer agrees to advise PAWC before installing sewer services as provided in this Agreement. Developer shall apply for service applications and pay the fee for all sewer services installed hereafter. Developer agrees to pay all other applicable charges and fees in connection with Rock Run Pump Station Sewer extension. New service connections must be in a currently approved Act 537 service territory and be in accordance with PAWC's Connection Management Plan as approved by PADEP.
4. Developer covenants and agrees to indemnify PAWC against any and all loss or damage which PAWC may suffer as a result of any damage to its sewer lines or service lines caused by Developer, its employees, agents servants or workmen or any contractors or subcontractors employed by it: (a) in the development of and construction upon the premises abutting on the streets in which sewer mains are to be constructed pursuant to this Agreement; or (b) in the construction or surfaces of any of the streets in which the sewer mains are to be installed pursuant to this Agreement.

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5. Developer will be responsible for any damage to any private property incurred that is incidental to the construction work being performed pursuant to this Agreement. Developer shall be responsible for any restoration necessary to private property that is affected in any way by the construction undertaken pursuant to the extension of sewer service pursuant to this Agreement. Developer agrees to indemnify PAWC against any and all loss or damage to private property which may occur as a result of or incidental to the construction of the sewer main extension, the installation of sewer service lines and connections and all work performed therewith.
6. It is further understood and agreed by and between the parties hereto that the Developer shall be responsible for obtaining all necessary consents, orders, permits and approvals of public officers or public bodies having jurisdiction over or lawful interest in any of the subject matters herein.
7. Developer agrees that it will not build at any time hereafter on, in or over any utility easement or structure, the construction or presence of which will endanger or render ineffective or difficult access the sewer mains to appurtenances of PAWC.
8. Upon completion and acceptance of the aforesaid sewer main construction and other work referenced in this Agreement on the plans attached hereto, PAWC, upon proper application, shall: (a) provide sewer service to Township in accordance with its rules and regulations, and (b) provide service as approved by PADEP and in accordance with PADEP regulations. Pursuant to this Agreement, proper application shall include payment of all applicable fees by the developer and charges in effect at the time of application provided in PAWC's rules and regulations for the extension of sewer service to customers.
9. Any difference between the actual cost of installing the sewer service and main extension and the amount escrowed by the Developer for the installation of the system described in this Agreement and the plans attached hereto will be borne by the Developer. The Developer understands that the estimates attached hereto are simply estimates and are not a guarantee of certification of the cost of the system, which is the subject of this Agreement. Such cost variation might be caused by (but not limited to) unforeseen rock excavation or other unusual-soil conditions. Other unforeseen conditions could cause additional cost beyond the estimates attached hereto. PAWC assumes no responsibility for additional costs over and above the estimated amounts provided and attached to this Agreement as Exhibits.
10. PAWC and both Township and Developer hereby agree that the cost of construction shall include the cost of the materials and labor to be supplied for the construction of the sewer main and appurtenances thereto, the engineering and inspection costs related to the construction thereof, and the administrative and legal costs incurred by PAWC in the construction and installation of said main and all appurtenances thereto.
11. Construction of the system will be deemed completed on the date (the "Completion Date") when PAWC notifies Developer of the satisfactory results of a performance test of the system performed by the Developer, which will be conducted under supervision of

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Valley Township promptly following Developer's notice to PAWC that the system has been installed in accordance with the plans and specifications.

Promptly following the completion date, Developer shall deliver to PAWC a certification of the construction costs of the system, as well as "as-built" drawings of the system, in form and content satisfactory to PAWC, including the computer drawing files associated with the "as-built" drawings. As a condition precedent to the furnishing of service after the completion of the system, the Developer shall pay to PAWC an amount equal to its reasonable and customary administrative, engineering and construction overhead costs that were incurred by PAWC in connection with the system and this Agreement, provided said sums have not been previously paid to PAWC by Developer.

12. Developer shall warrant the construction and materials used, in the construction of the Sewer System for a period of eighteen (18) months after PAWC has certified that the Sewer System has been completed, tested, and found to conform with the requirements of this Agreement. In order to guarantee this warranty, Developer shall provide PAWC with a bond or other form of surety acceptable to PAWC and its solicitor in the amount of fifteen (15) percent of the estimated construction cost as outlined in Exhibit "B" attached hereto. This bond shall remain in effect for a period of eighteen (18) months (warranty period) from the date of dedication.

Developer shall repair or replace any defects in materials or construction of which Developer is given written notice by PAWC during said warranty periods, and in the event that Developer fails to diligently commence or pursue said repairs or replacement, or if PAWC exclusively determines the defects in materials or construction constitute an emergency that adversely impacts PAWC's ability to provide service, PAWC has the right (but not the obligation) to undertake said repairs and replacement and to use the bond or other accepted surety to pay for the work to correct the defects. If the cost of making the repairs exceeds the amount of the bond, PAWC shall have the right to recover the additional costs from Developer.

13. Until the Dedication Date, Developer shall maintain and operate the undedicated portions of the Sewer System to ensure such will be in good condition and repair at the Dedication Date, and shall pay PAWC for the use of any sewer consumed in accordance with its rules and regulations.
14. Dedication of the sewer main extension by both the Township and Developer to PAWC shall be accomplished by the execution and delivery by the Developer to PAWC of the following documents in the form and format acceptable to PAWC:
 - a. A Bill of Sale;
 - b. A Grant of Easement for the easement area with a legal metes and bounds description of the easement (if required);
 - c. As-Built Drawings and computer drawing files indicating the location of the main and appurtenances thereto and also, indicating the location of any easements;

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At or prior to the aforesaid dedication, the parties hereto may mutually agree to amend the aforesaid documents or to execute and deliver additional documents in connection with said dedication, without the necessity of amending this Agreement.

The Developer agrees that good and marketable title to the system will be dedicated by said Bill of Sale, and that, by said Grant of Easement (if required), an easement in the easement area shall be granted to PAWC, free and clear of all liens and encumbrances, except for existing road and utility easements, building restrictions and like matters of record. The date on which the system and easement area shall be dedicated to and accepted by PAWC is herein referenced as the "Dedication Date".

15. Upon dedication of the sewer main as hereinbefore described with the necessary valves, connection fittings and other appurtenances, these facilities (but not service laterals) at all times shall be the property of PAWC and no charge or lien upon them shall arise as a result of this Agreement. PAWC shall also have the right, by virtue of its ownership of said mains, to make any additions or extensions in its sole and absolute discretion.
16. This Agreement contains the entire agreement of the parties hereto, and there are no other understandings, written or oral, between the parties relating to the subject matter of this Agreement that supersede, cancel, or terminates any and all rights or obligations that may have arisen between the parties.
17. All representations, warranties, and agreements of PAWC, Township, and Developer set forth in this Agreement shall survive the dedication date and the parties shall be entitled to rely upon such representations, warranties and agreements.
18. This Agreement may not be amended except by instrument in writing signed by the parties hereto, and no claimed amendment, modification, termination or waiver shall be binding unless in writing and signed by the parties against whom such claimed amendment, modification, termination or waiver is sought to be enforced.
19. The Township's and Developer's obligations hereunder may not be assigned to any other person or entity without the prior written consent of PAWC; provided that, this Agreement shall be terminated and the Township and Developer shall be released from any further liability or obligations hereunder, if, and at such time, as any other developer with Township concurrence executed and delivers an agreement with PAWC in the same form as this Agreement, or such other form as is approved by PAWC, together with financial security in the form required hereby or such other form as is approved by PAWC.
20. This Agreement shall be binding, and inure to the benefit of, the parties as well as their successor and assigns.
21. Nothing herein shall be construed as an agreement by PAWC to furnish additional sewerage capacity outside that which is currently contracted for with Valley Township.

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

WITNESS:

PENNSYLVANIA-AMERICAN WATER COMPANY

Pat Haddock

By:

[Signature]
Manager

WITNESS:

VALLEY TOWNSHIP

[Signature]

By:

Walter Johnson
Chairman, Board of Supervisors

WITNESS:

DEVELOPER: (DHLP – Oakcrest, L.P.)

Jeremy B. Maziarz

By:

[Signature]

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SUMMARY OF EXHIBITS

ROCK RUN PUMP STATION SEWER EXTENSION

Exhibit	Description
A	Proposed Sanitary Force Main Plans for Pennsylvania American Water Company
B	Cost Estimate
C	Bill of Sale
D	Technical Specifications and Standard Details

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EXHIBIT A

ROCK RUN PUMP STATION SEWER EXTENSION

DRAWING LIST

The sewer main extension drawings referred to as Exhibit "A" in the above mentioned agreement were prepared by:

Company Name:

Conver and Smith Engineering, Inc.

Company Address:

358 Main Street
Royersford, PA 19468

Phone and Fax:

Phone – (610) 948-8947 Fax – (610) 948-3261

The drawing information is as follows:

Plan Date:	<u>August 24, 2004</u>
Latest Revisions:	<u>January 19, 2005</u>
Total Number of Sheets:	<u>1 through 6</u>
Project Number:	<u>Plan No. C-04-056</u>

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EXHIBIT B

ROCK RUN PUMP STATION SEWER EXTENSION

SEWER COST ESTIMATE

The following estimate is to be incorporated into the Sewer Main Extension Agreement for this project. The basis for the costs is from a cost proposal submitted by the Developer on behalf of the Township, which was received from his Contractor. The Developer will submit a signed Contract with the Contractor to PAWC when available. The costs represent off site work.

Estimated Construction Cost for Sewer Main	\$381,717.00
Contingency (10%)	<u>\$ 38,171.70</u>
Subtotal	\$419,888.70

(1) Total to be Deposited with PAWC via Bond or Letter of Credit	\$419,888.70
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Inspection	\$ 4,000.00
As-Built Drawings & Dedication Documents	\$ 500.00
Legal, Engineering, and Administrative	<u>\$ 500.00</u>
Subtotal	\$ 5,000.00

Escrow Deposit Received	(-) <u>\$ 0.00</u>
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(2) Additional Funds to be Deposited with PAWC in Escrow Account (Prior to construction beginning)	\$ 5,000.00
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EXHIBIT C

ROCK RUN PUMP STATION SEWER EXTENSION

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that DHLP – Oakcrest, L.P. (“Seller”), for and in consideration of the sum of ONE DOLLAR (\$1.00) and other good and valuable consideration paid unto it by Pennsylvania-American Water Company (“Buyer”), receipt of which is hereby acknowledged, has granted, bargained, sold, and delivered and by these presents does grant, bargain, sell and deliver unto Buyer, all of Seller’s right title and interest in and to all and singular the personal property, including, without limitation, all machinery, equipment, sewer storage facilities, and pipe, placed or located by Seller, pursuant to a certain Agreement between Seller and Buyer dated _____, 20____, on or within a certain strip of land located within City of Coatesville, Chester County, Pennsylvania;

TO HAVE AND TO HOLD the said personal property until the Buyer, its successors and assigns, to and for its own proper use, benefit, and behoove forever;

AND the said Seller does hereby covenant with the Buyer that it is the lawful owner of said personal property, that said personal property is free from all encumbrances, that it has the power, right and authority to sell and dispose of said property, and that it will warrant and defend the same against all claims and demands of all persons claiming or demanding the same by, from or under it.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be duly executed on this day of _____, 20_____.

ATTEST:

_____ By: _____

(CORPORATE SEAL)

EXHIBIT D

TECHNICAL SPECIFICATIONS AND STANDARD DETAIL
FOR THE INSTALLATION
OF SEWER MAINS

SEWAGE CONVEYANCE AGREEMENT

City of Coatesville Connection, Manor Road

THIS AGREEMENT, is made on 5th day of JANUARY, 2009, between PENNSYLVANIA-AMERICAN WATER COMPANY, 800 West Hersheypark Drive, Hershey, PA 17033, and VALLEY TOWNSHIP, 890 West Lincoln Highway, Coatesville PA, 19320, and COATESVILLE INN ASSOCIATES, and COATESVILLE OFFICE ASSOCIATES, 300 Barr Harbor Drive, Suite 750, West Conshohocken, PA 19428.

WHEREAS, Pennsylvania American Water Company, (hereinafter referred to as "PAWC"), is a regulated public utility organized and existing under the laws of the Commonwealth of Pennsylvania, and owns and operates a sewage treatment plant ("Treatment Facility") and a collection and conveyance system providing public sewer service to various municipalities; and

WHEREAS, Valley Township (hereinafter referred to as "Township"), is a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and owns and operates a sewage collection and conveyance system in Valley Township, Chester County, Pennsylvania ("Township system"), connecting its collection system to the Treatment Facility via the PAWC sewer system so that sanitary sewage and industrial wastes discharged by said users may be received in said facility for treatment and disposal; and

WHEREAS, Coatesville Inn Associates and Coatesville Office Associates, (hereinafter referred to collectively as "Developer"), are limited partnerships organized and existing under the laws of the Commonwealth of Pennsylvania, that desire to develop a property in the City of Coatesville at tax parcel number 16-1-41 known as the Marriott and the Office Complex, and obtain sewer service to this development pursuant to this Agreement, and the proposed development is within the approved PAWC certificated franchise boundary and ACT 537 planning area; and

WHEREAS, Coatesville Inn Associates will be PAWC's customer for wastewater service at the Marriott Hotel building located at the Marriott and Office Complex, and Coatesville Office Associates will be PAWC's customer

for wastewater service at the Office building located at the Marriott and Office Complex; and

WHEREAS, the Township entered into a Second Amendment to the Sewage Treatment Agreement (hereinafter referred to as the "Sewage Treatment Agreement"), dated December 14, 2004, with PAWC which provided for treatment of sewage from the Township at the Treatment Facility.

NOW THEREFORE, it is agreed as follows:

ARTICLE I - DEFINITIONS.

The terms defined in this Article, wherever used or referred to in this Agreement, shall have the following respective meanings unless a difference clearly appears from the context.

Average Daily Flow - Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to a point during a (90) day period of time, and dividing by ninety (90) days.

Industrial Waste - The liquid waste or liquid borne waste resulting from the processing employed by an industrial user, whether treated or untreated, discharged into the Treatment Facility.

Point of Connection - Point or points at which PAWC receives and conducts sanitary sewage or industrial waste from the Township's system to a point for treatment or disposal or where the Township receives sanitary sewage from PAWC for conveyance through the Township's system.

Sanitary Sewage - All water carried domestic waste from residences, offices, hotels, stores, restaurants, commercial establishments, industrial establishments, and similar users within the Township.

Treatment Facility - Existing sewage treatment plant and facilities owned and operated by PAWC, together with any additions, modifications and/or improvements thereto.

ARTICLE II - STATEMENT OF INTENT.

The parties hereto agree that it is the intent of this Agreement to provide for the conveyance of sanitary sewage from a development that has been or will be constructed by the Developer, then through a portion of the Valley Township Sewer System to the PAWC sanitary sewer system in the City of Coatesville and from there to the Treatment Facility owned by PAWC for treatment and disposal of those wastes, in common with other wastes flowing through the PAWC system and to provide for payment between the parties as set forth in Article VI, Section 2.

ARTICLE III - TERMS OF AGREEMENT

Section 1 – This agreement shall be effective as of the above date and shall continue for a period from said date, until such time as PAWC's sewage facilities are extended to allow conveyance of the sewage directly to the Treatment Facility without conveyance through the Township system. The intended extension would be from the intersection of Routes 82 and 340, along Route 82 directly to the sanitary sewer system in the City of Coatesville at a manhole at its intersection of Lumber Street.

Section 2 – The Township hereby grants to PAWC the right to connect a sanitary sewer emanating from the City of Coatesville to Manhole #1 in the existing Township sanitary sewer on Manor Road near its intersection with State Route 82, which is shown on Hill Farm Age Qualified Residential Community, Phase 1 Final Plan, Route 82 and US Route 30 Sanitary Profile, Sheet 52 of 73, dated 12-20-01 with latest revision 6-27-03. The connection of the sanitary sewer is for the purpose of conveying sanitary sewage through the Township system from the Point of Connection to the Township Rock Run Pump Station and force main conveying the sanitary sewage to the PAWC owned force main along State Route 82 at the Township and City of Coatesville municipal boundary. The agreement by the Township to convey sanitary sewage shall be subject to the payment of equitable fees to the Township as provided in Article VI, Section 2. Sewage flows conveyed through the Township system for PAWC, shall be deducted from, and not included in metered flow used for billing of the Township by PAWC, this metered flow being measured at the Township Rock Run Pump Station connection to PAWC's system at the above

mentioned location, and the limitation on the Township's right to discharge sanitary sewage as provided in existing or proposed sewage treatment agreements and shall not be included in the calculation of any future tapping fees. For the purpose of determining the quantities of sanitary sewage to be conveyed from PAWC's City of Coatesville sewage collection system through the Township system, a meter shall be installed in the proposed sanitary sewer pumping station providing public sewer service to the proposed Marriott and Office Complex development. The meter results at this location shall be deducted from the meter totals from the Rock Run Pumping Station. Maintenance of such meter and responsibility for determining the flows registered on the meter shall be PAWC's.

Section 3 - If the Township or PAWC, at any future time, shall transfer title to its sanitary sewage system to any municipality, authority, or private corporation by deed or otherwise, it shall assign all its rights and interests in and under this Agreement to said municipality, authority, or private corporation and, upon such assignment, the assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement, and the Township or PAWC thereafter shall cease to be a party to this Agreement. The Developer is permitted to assign its interest to any successors and assigns; however, PAWC shall have the right to approve the assignment to certify that the assignee will continue to meet the criteria set forth in this Agreement. PAWC's approval of the assignment will not be unreasonably withheld. Thereafter, the Developer shall cease to be a party to this Agreement. The approved assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement. Any successor or assignee must acknowledge, in writing, to be bound by the terms of this Agreement.

Section 4 - PAWC and the Township agree that rules and regulations for the making of connections and use of the Township's sewage system, relating to this Agreement, shall be in conformance with the existing Sewage Treatment Agreement. PAWC also agrees to enforce the provisions of such rules and regulations at all times, and PAWC agrees that the Township or its duly authorized representative shall have the right, at all times, to inspect sanitary sewage systems connected to the Township for conveyance and to compel the discontinuance of any connection which it finds to be in violation of this Agreement. In addition, PAWC's rules and regulations shall govern sewer

service to its customers.

Section 5 - The parties hereto agree to comply with all applicable present and future Pennsylvania or United States laws, as well as any rules, regulations, permits, orders and requirements lawfully made by any governmental body having jurisdiction.

ARTICLE IV - CONSTRUCTION OF COLLECTION AND CONVEYANCE FACILITIES – INTERCONNECTION.

Section 1 - The parties hereto understand and agree it will be necessary for Developer to design, layout, and cause to have constructed sanitary sewers through an Extension Deposit Agreement with PAWC within the PAWC certificated franchise area as required. PAWC shall own and maintain all conveyance and collection system facilities required to convey sanitary sewage to the Point of Connection along the Township's Manor Road sanitary sewer, at the connecting point cited above, as further defined in a preliminary plan that is attached hereto as Exhibit A.

Section 2 - Sanitary sewage from the respective sewage collection systems shall be collected and conveyed to Points of Connection, as outlined on the final plans approved by the Township and PAWC. The Developer shall conform to all requirements in accordance with the PAWC Rules and Regulations as set forth in the tariff, as have been previously adopted by the Township.

Prior to the institution of a construction program by PAWC to complete this interconnection, the following activities will be carried out to determine the practicality of such an interconnection or increase in flow:

- A. The respective engineers of each party will meet to exchange technical data regarding the proposed interconnection. This data will include:
 1. The proposed point of connection.
 2. Anticipated initial flow.

3. Rate and frequency of discharge.
 4. Anticipated ultimate flow.
 5. Adequacy of receiving sewer.
 6. Type of control and/or metering device.
 7. Estimated cost of downstream improvement, if required.
- B. The proposed interconnection flow will not be approved by the Township if the proposed discharge will overload the receiving sewer unless Developer agrees to reimburse the Township for all reasonable costs associated with the corrective measures necessary to make the receiving sewer adequate for the proposed discharge. If the receiving sewer is limited in capacity, discharge will be limited to the available capacity until such time as adequate capacity is made available. Additional connections to the PAWC owned facilities may be allowed if approved by the Township through the planning modules process.
- C. Developer shall be responsible to convey all necessary easements or rights-of-way to PAWC from all sources whatsoever as may be required to deliver sewage to the Point of Connection to the Township system. Developer shall be responsible to secure all necessary permits from all sources whatsoever as may be required to deliver sewage to the Point of Connection to the Township system. The consulting engineer of the Township shall have the right to approve the plans and to inspect the manner of the making of such connections between PAWC and the Township system; the same shall not be used until such time as the Township shall receive written notice from the Township's consulting engineer that the construction of such connections has been accomplished in accordance with the approved plans and specifications, relating thereto. Neither the Township nor its consulting engineer shall unjustifiably delay approval. Nothing in this Subsection C shall obligate PAWC or the Developer to obtain any rights-of-way between the Point of Connection with the Township's system on Manor Road and the Rock Run Pump Station.

Section 3 - At or before the commencement of actual sewage disposal service PAWC shall cause to have installed and thereafter at all times maintain the system meter cited in Article III, Section 2 above. Said meter shall be subject to the approval of the Township. The expense of maintenance thereof shall be borne by PAWC. Said meter shall be located in the proposed pumping station for the Marriott and Office Complex.

- A. PAWC shall provide for the device(s) which shall be inspected and calibrated, and tested for accuracy at least once every calendar year by a person or entity competent in the inspection and testing of such devices. Certified reports of such inspections shall be mailed directly to the Township. The cost of such inspection and the cost of any repair or replacement shall be borne by PAWC. All repairs of meters, of any type shall be accomplished within 30 calendar days of receipt of the inspection report attesting to the meter malfunction.
- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharged. This estimate will be based on an evaluation of past flow records as applied to present conditions, and as reviewed and approved by the engineers for both PAWC and the Township.
- C. Meter records and the meter installations shall be made available and accessible to the Township. The record of sanitary sewage flow through recording meters operated and maintained by PAWC will be read by PAWC on or about the first day of each month, showing the total and daily sewage flows discharged during the previous month period. The Township reserves the right to inspect and read meters upon 24 hour notice to PAWC.
- D. The Township shall have the right, upon written request, to a calibration check of PAWC's meter(s) at any time outside the normal scheduled calibration time for the purpose of checking its accuracy. This non-scheduled calibration will be performed by PAWC as described in Section 3A of this Article IV hereof. If results of such non-scheduled calibrations show that the meter(s) was malfunctioning by variations from actual flow of more than five (5) percent, then all costs of the nonscheduled

calibration and any repair or replacement will be paid by PAWC. If no violation is found, then the Township shall pay all costs for the calibration.

ARTICLE V - MAINTENANCE, SAVE HARMLESS AGREEMENT, INSURANCE.

Section 1 - PAWC and the Township agree, in regard to their respective collection systems, to operate continuously and keep and maintain the same at all times in good repair and order, and in good and efficient operating condition, and to meet the standards prescribed by the Pennsylvania Department of Environmental Protection or of any other governmental authority having jurisdiction thereof.

Section 2 - The Township agrees to indemnify and save harmless, PAWC against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of the Township, its respective servants, agents, or employees, or resulting from the failure of the pumping facility and lines leading thereto to function properly because of such negligence.

Section 3 - PAWC agrees to indemnify and save harmless the Township against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of PAWC, its respective servants, agents, or employees, or resulting from the failure of the treatment facility and lines leading thereto to function properly because of such negligence.

Section 4 - PAWC and the Township shall insure or cause to be insured their respective facilities (i.e., including but not limited to the Treatment Facility, capital additions and interceptors) by a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania against loss or damage by fire and against such other risks in such amounts as usually are carried upon, or with respect to, like property in Pennsylvania. Immediately after any loss or damage to either parties' facilities or any part thereof, the affected party will commence and duly prosecute the repair, replacement, or reconstruction of the damaged or destroyed portion of its facilities, all according to the provisions as previously defined. Both parties will also maintain commercial general liability insurance

in the amount of \$2,000,000 per occurrence which limit shall increase by ten percent (10%) every five years.

ARTICLE VI - CHARGES AND PAYMENTS.

Section 1 – It is mutually acknowledged that the Developer has agreed to replace certain manholes, sewer mains and certain repairs/upgrades to the Rock Run Pump Station, all within the Township as designated by the Township in exchange for allowing flows from the Developer's project. This work will be performed at the full expense of the Developer (the "Upgrade Costs") and facilitated through a separate Agreement between the Township and Developer.

Section 2 – PAWC shall pay to the Township a conveyance fee ("Conveyance Fee"). Payments shall be made quarterly in amounts based upon the PAWC tariff sewer rate in effect on January 1, 2008, for the right to convey sewer flows from the Developer's project through the Township's system as calculated and explained in this Section 2. The Developer shall reimburse PAWC for all amounts paid to the Township for the Conveyance Fee in accordance with the following:

- A. For the period beginning on the date the sewer connection is activated with sewer flows from the Marriott and Office Complex ("Activation Date") and terminating on the eighth (8th) anniversary of the Activation Date ("Initial Payment Period"), PAWC will pay to the Township a conveyance fee in an amount equal to forty-seven percent (47%) of the quarterly revenue collected by PAWC from the Developer-constructed sewer system dedicated to PAWC based upon the PAWC tariff sewer rate in effect on January 1, 2008. For any period after the Initial Payment Period, PAWC will pay to the Township a Conveyance Fee in an amount equal to eighty-one percent (81%) of the quarterly revenue collected by PAWC from the Developer-constructed sewer system dedicated to PAWC based upon the PAWC tariff sewer rate in effect on January 1, 2008. The

- Conveyance Fee percentage for the Initial Payment Period takes into consideration a credit for the Upgrade Costs. PAWC shall provide records of the revenue on a quarterly basis to the Township, the Township shall invoice PAWC for the appropriate Conveyance Fees, and PAWC shall invoice the Developer who hereby agrees that it will reimburse PAWC all Conveyance Fees until such time the sewer connection is terminated and disconnected from the Township's system, whether such termination and disconnection shall occur during or after the Initial Payment Period, and thereafter neither the Developer nor PAWC shall have any obligation to pay any Conveyance Fees to the Township.
- B. The Conveyance Fee shall be increased to reflect any increase in the cost of living as of the first business day of January of every year. The Philadelphia Standard Metropolitan Statistical Area ("SMSA") increase in cost of living, if any, shall be measured by the annual Consumer Price Index for all Consumers (1982 – 1984 + 100),
- C. Upon receipt of the quarterly Conveyance Fee invoice from the Township, PAWC shall invoice the Developer the same Conveyance Fee amount invoiced from the Township, and Developer agrees it will pay said invoice within thirty (30) days. Should the invoice go unpaid for thirty (30) days after the date of the invoice, the Developer agrees to pay interest on the invoice at the rate of one and one-half percent (1.5%) per month until said invoice is paid.
- D. The Developer shall place Ten Thousand (\$10,000.00) Dollars into an interest bearing escrow account for the benefit of PAWC and the Township. This escrow account shall be used by PAWC to pay the Township's quarterly Conveyance Fee only in the case of non-payment of said Conveyance Fee by the Developer to PAWC within sixty (60) days from the date of the PAWC invoice. The Developer and PAWC

shall discuss annually whether the escrow amount is equivalent to the estimated sewer usage for the future year. It is understood that the escrow amount shall be approximately equivalent to the Annual Conveyance Fee that will be due to the Township. The escrow account shall continue in effect until such time as this Agreement is no longer necessary. At that point, the remaining balance, including remaining interest, in the escrow account shall be refunded to the Developer or their assignee.

- E. Developer agrees to indemnify, defend and save harmless PAWC against any and all losses, costs or damages resulting in the event the Developer defaults in reimbursing PAWC for said Conveyance Fees, for whatever reason.
- F. Developer acknowledges that if the Developer is delinquent in or fails to reimburse PAWC for the sewage Conveyance Fees in accordance with this Agreement, PAWC shall terminate water and sewer service to the Marriott and Office Complex and/or the Marriott Hotel and Office building located at the Marriott and Office Complex until such Conveyance Fees are paid in full.
- G. Nothing in this agreement shall be construed as preventing PAWC from assessing and collecting its PUC tariff-approved sewer rates from any and all customers resulting from the construction of the Marriott Hotel, Office Complex or any other customers connecting to PAWC's sewer system through this connection with the Township.
- H. No additional entities shall be entitled to receive sewer service pursuant to this Agreement without the express written agreement of PAWC.

Section 3 - It is expressly stipulated and agreed that when the aforementioned sewer connection is terminated and disconnected from the Township, this Agreement shall become null and void and non-enforceable thereafter, except that the repairs and upgrades to the Township's sewer system previously set forth shall inure to the benefit and ownership of the Township upon completion and the Township's acceptance of the construction project, and in such case, the Township shall have no obligation to reimburse the Developer for any credit of the Developer Costs which remain unapplied as of the date of such termination.

ARTICLE VII - MISCELLANEOUS

Section 1 - The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions thereof shall not be construed as a waiver of any of its rights hereunder.

Section 2 - This writing constitutes the entire Agreement between the parties, and there are no other representations or agreements, verbal or written, other than those contained herein.

Section 3 - Whenever a notice is required to be given by mail, the following addresses shall be used unless a different address is specifically called for:

Pennsylvania American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
Attention: Legal Department

Valley Township
890 West Lincoln Highway
Coatesville, PA 19320

Coatesville Inn Associates
300 Barr Harbor Drive, Suite 750
West Conshohocken, PA 19428

Coatesville Office Associates
300 Barr Harbor Drive, Suite 750
West Conshohocken, PA 19428

Section 4 - This Agreement may be executed in any number of counterparts, each of which shall be properly executed by the Township, the Developer and PAWC, and all of which shall be regarded for, all purposes as the original.

Section 5 - In the event that the Department of Environmental Protection of the Commonwealth of Pennsylvania, or any other regulatory body or governmental agency, shall fail or refuse to issue any permits for conveyance which may be necessary to accomplish the intent and purpose of this Agreement, the parties shall be relieved from further compliance with the terms of this Agreement until such time when such permit or permits shall be issued.

Section 6 - The obligations under this Agreement are subject to the acquisition by Coatesville Inn Associates and Coatesville Office Associates of the air rights in which the Marriott Building and the Office Complex will be constructed. The parties shall be relieved from further compliance with the terms of this Agreement until such time when such air rights are acquired.

Section 7 - The obligations under this Agreement are subject to the Pennsylvania Public Utility Commission approval of this Agreement to the extent such approval is required. The parties covenant and agree to initiate and faithfully prosecute the necessary proceedings to obtain this approval.

Section 8 - In the event that any disputes shall arise relative to the interpretation and/or application of the terms of this Agreement, the parties hereof do hereby agree to the following procedure to settle such matters:

- A. The parties, operators, and/or managers will attempt to discuss and solve the problem.
- B. If Step "A" does not prove satisfactory, a joint committee comprised of

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three members for each party will meet to attempt to solve the problem.

- C. If neither of the above steps proves successful the dispute shall be resolved by decision of a panel consisting of the consulting engineer of each of the three respective parties to this agreement.

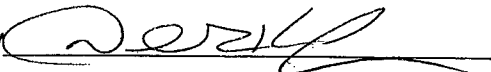
Section 9 – All obligations of Developer under this Agreement shall constitute the obligations of Coatesville Inn Associates and Coatesville Office Associates, both collectively and individually.

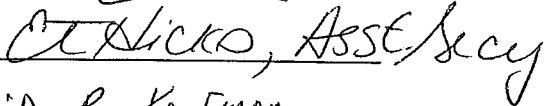
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

PAWC:

Pennsylvania-American Water Company

(Corporate Seal)

By 

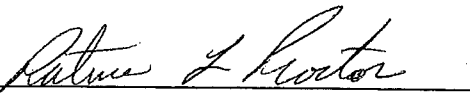
Attest , Asst. Secy.

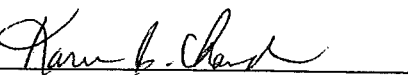
Name: DAVID R. KAUFMAN
Title: Vice President-Engineering

TOWNSHIP:

Valley Township

(Corporate Seal)

By 

Attest 

Name: KAREN E. CHANDLER
Title: SECRETARY/TREASURER

DEVELOPER:

COATESVILLE INN ASSOCIATES,
a Pennsylvania limited Partnership

By: Oliver Coatesville Associates, a Pennsylvania limited partnership,
general partner

By: Coatesville Property Inc.,
a Pennsylvania corporation, general partner

By: 
Donald W. Pulver, President

COATESVILLE OFFICE ASSOCIATES,
a Pennsylvania limited Partnership

By: Oliver Coatesville Associates, a Pennsylvania limited partnership,
general partner

By: Coatesville Property Inc.,
a Pennsylvania corporation, general partner

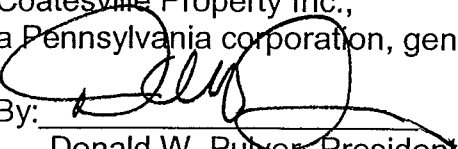
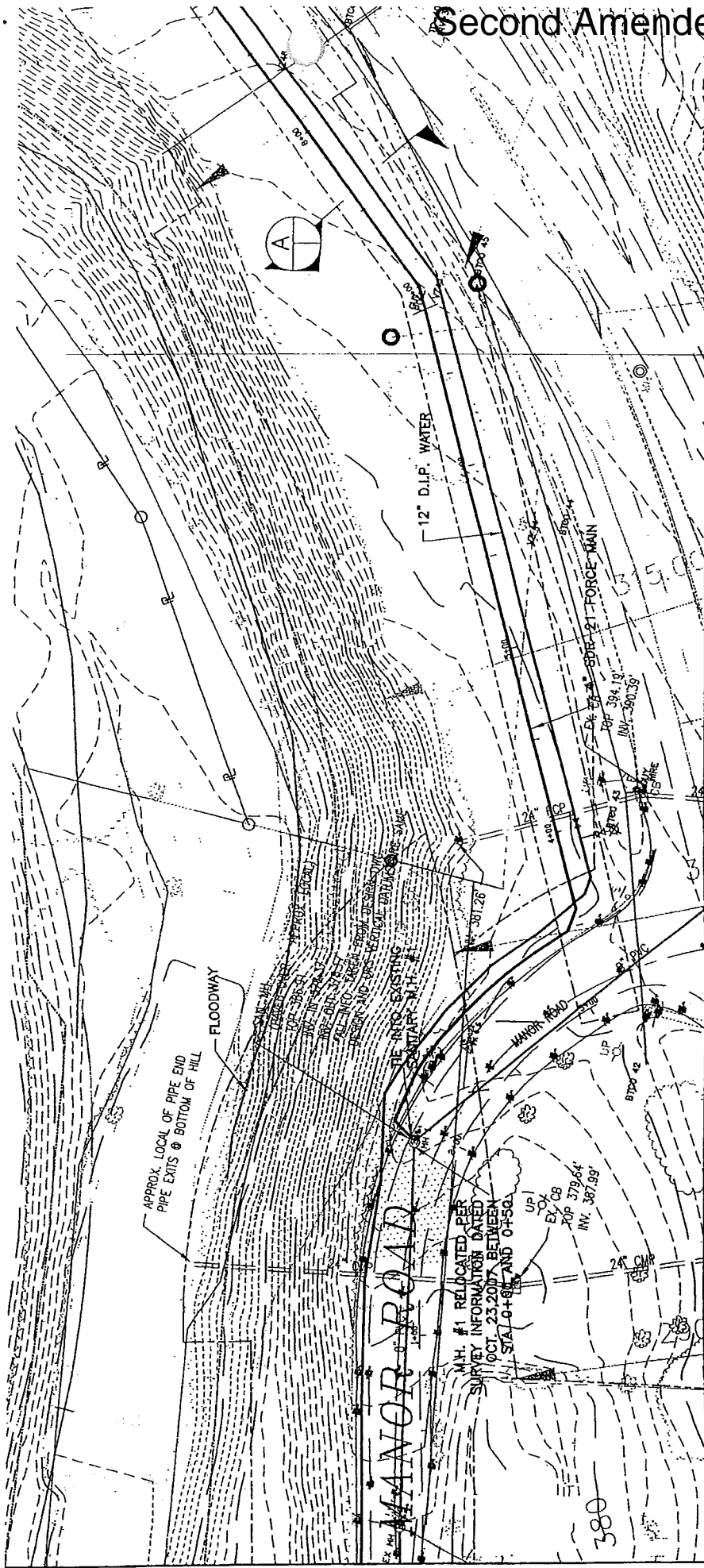
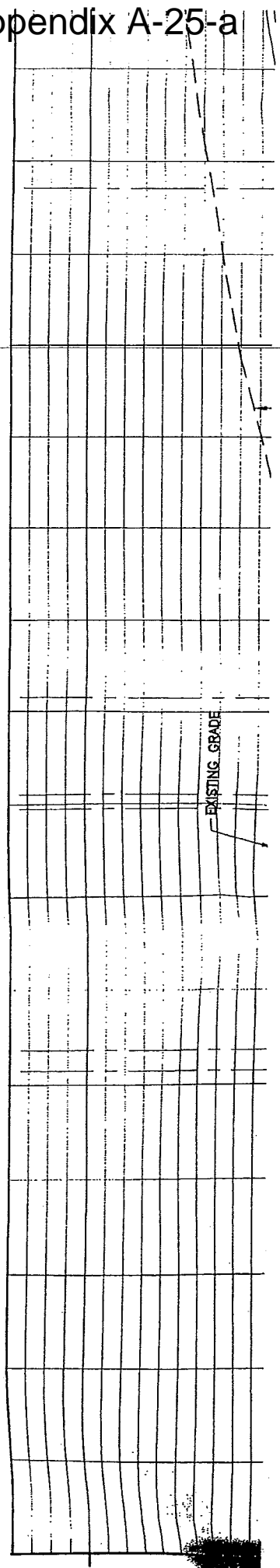
By: 
Donald W. Pulver, President

EXHIBIT "A"



PLAN STA. 0+00 TO 10+50.00

SCALE: 1"=50'-0"



EXISTING GRADE

M.H. #1 RELOCATED PER
 SURVEY INFORMATION DATED
 OCT. 23, 2007 BETWEEN
 STA. 0+00 AND 0+50.

UP 1
 EX 08
 TOP 379.64'
 INV. 387.99'

380

APPROX. LOCAL OF PIPE END
 PIPE EXITS @ BOTTOM OF HILL

FLOODWAY

MANOR ROAD

12" D.I.P. WATER

806-21-FORCE MAIN

HANCOCK ROAD



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Alan J. Jarvis, Esquire
Highlands Corporate Center
495 Highlands Boulevard, S-109
Coatesville, PA 19320
610-384-1151
610-380-1392/Fax

Solicitor, Valley Township
Attorney's I.D. 16134

AGREEMENT

WHEREAS, Valley Township ("Valley"), is a Township of the Second Class, with Offices at 890 West Lincoln Highway, Coatesville, Pennsylvania 19320; and

WHEREAS, Sadsbury Township ("Sadsbury"), is a Township of the Second Class with Offices at 2920 Lincoln Highway, Sadsburyville, Pennsylvania 19369; and

WHEREAS, on November 1, 2011, Sadsbury, acting through its Board of Supervisors, enacted its Ordinance No. 2011-02 authorizing the assignment by Sadsbury to Valley of 2800 West Lincoln Highway, Sadsbury Township, Chester County, Pennsylvania (Tax Parcel No. 37-2-77), as a sanitary sewage customer; and

WHEREAS, on November 1, Valley, acting through its Board of Supervisors, enacted its Ordinance No. 2011-08 authorizing the acceptance of the assignment by Sadsbury of 2800 West Lincoln Highway, Sadsbury Township, Chester County, Pennsylvania (Tax Parcel No. 37-2-77) to Valley as a sanitary sewage customer.

NOW, THEREFORE, BE IT AGREED, this 15 day of November, 2011, by and between Valley and Sadsbury as follows:

- (1) Sadsbury hereby assigns to Valley as a sanitary sewage customer the property at 2800 West Lincoln Highway, Sadsbury Township, Chester County, Pennsylvania (Tax Parcel No. 37-2-77), it being expressly understood that this assignment is subject to, and conditioned upon approval by the Commonwealth of Pennsylvania, Department of Environmental Protection.
- (2) Valley hereby accepts Sadsbury's assignment to it as a sanitary sewage customer the property at 2800 West Lincoln Highway, Sadsbury Township, Chester County, Pennsylvania (Tax Parcel No. 37-2-77); it being expressly understood that this acceptance is subject to, and conditioned upon, approval by the Commonwealth of Pennsylvania, Department of Environmental Protection.
- (3) It is further expressly understood by Sadsbury and Valley that the aforesaid assignment/acceptance is conditioned upon the reimbursement to the municipalities by the owners of 2800 West Lincoln Highway, Sadsbury Township, Chester County, Pennsylvania (Tax Parcel No. 37-2-77), of all engineering and legal fees and costs, including the costs of amending their Act 537 Plans.


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IN WITNESS WHEREOF, the parties hereto have set forth their hands and seals the date above written.

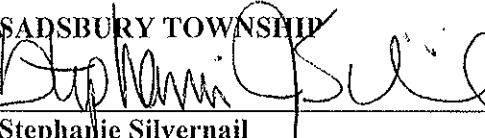
VALLEY TOWNSHIP

By: 
Chairman, Board of Supervisors

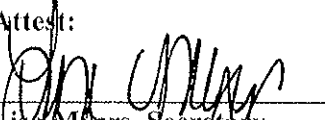
Attest:


Secretary

SADSBURY TOWNSHIP

By: 
Stephanie Silvernail
Chairman, Board of Supervisors

Attest:


Lisa Myers, Secretary

Township: ASSIGNMENT-ACCEPTANCE AGREEMENT WITH SADSBURY TOWNSHIP



4/29/92

City of Coatesville Authority

April 28, 1992

Mr. John Emerson High, Attorney
28 North New Street
West Chester, PA 19380

Dear John:

Enclosed is a copy of the proposed Sewer Conveyance Agreement between CCA and Valley Township for the sewer connection by the Coatesville Country Club. This agreement was approved by the CCA Board of Directors last Thursday night. Please let me know before your next meeting on May 5 if you have any questions. We would appreciate your Board considering this at your earliest convenience.

The CCA Board did consider Valley's suggestion that they be allowed to serve the Coatesville Country Club individually. The Board decided to respectfully decline the suggestion. It is their belief the intermunicipal agreement should be kept in tact. As you remember, the intermunicipal agreements stipulate that Valley will not serve any water or sewer customers outside their corporate limits.

I would be happy to discuss this agreement with you and the Board of Supervisors if you wish. Thank you for your consideration

With best regards, I am

Sincerely,

Wayne G. "Ted" Reed
Executive Director

WGR/llm

Enclosure

cc: Mr. Alan P. Novak, CCA Solicitor
Mr. Alan Jarvis, Valley Township Solicitor

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SEWAGE CONVEYANCE AGREEMENT

WEST CALN CONNECTION

THIS AGREEMENT, is made on day of , 1992,
between the CITY OF COATESVILLE AUTHORITY, Chester County,
Pennsylvania (CCA) and VALLEY TOWNSHIP, Chester County,
Pennsylvania (hereinafter referred to as Township).

WHEREAS, CCA is a municipal corporation, organized and
existing under the laws of the Commonwealth of Pennsylvania, and
owns and operates a sewage treatment plant for service providing
public sewer service to various municipalities in and near the
City of Coatesville; and

WHEREAS, the Township is also a municipal corporation,
organized and existing under the laws of the Commonwealth of
Pennsylvania, and provides sewage collection service to
residential, commercial, and industrial users within the Township
connecting its collection system to CCA's sewage treatment plant
so that sewage and industrial wastes discharged by said users may
be received in said plant for treatment and disposal; and

WHEREAS, CCA and the Township entered into a Sewage
Treatment Agreement between the municipalities, which provides
for the conveyance of sewage from CCA customers from points
outside of Valley Township through the Valley Township sewage
system, subject to certain terms and conditions;

NOW THEREFORE, it is agreed as follows:

ARTICLE I - DEFINITIONS.

The terms defined in this Article, wherever used or referred to in this Agreement, shall have the following respective meanings unless a difference clearly appears from the context.

Average Daily Flow - Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to a point during a ninety (90) day period of time, and dividing by ninety (90) days.

Cost of Operation and Maintenance - A term used in the calculation of conveyance cost of jointly used sewage facilities in Valley Township. All costs incident to the operation of sewage collection lines and pumping stations which are commonly used by the parties for the conveyance of sewage from and by Valley Township as well as the conveyance of sewage through Valley Township by CCA, said operation to be performed in an efficient and economical manner and leading to the maintenance thereof in a state of good repair during such period. Such costs shall include the cost of all maintenance labor, repairs, normal recurrent replacements, and reconstruction (repairs to basic construction) as may be necessary, all taxes, engineering, legal and superintendence expenses, and casualty and other insurance premiums during the previous calendar year divided by four (4) for the purpose of calculating quarterly billing.

Domestic Waste - Customary wastes from kitchens, water closets, lavatories and laundries.

Industrial Waste - The liquid waste or liquid borne waste resulting from the processing employed by an industrial user, whether treated or untreated, is discharged into the Treatment Works.

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Point of Connection - Point or points at which CCA receives and conducts sanitary sewage or industrial waste from the Township's system to a point for treatment or disposal or where the Township receives sanitary sewage from CCA for conveyance through the Township's system.

Sanitary Sewage - All water-carried domestic waste from residences, offices, hotels, stores, restaurants, commercial establishments, industrial establishments, and similar users within the Township.

Slug - Any sanitary sewage discharge which, for a period of fifteen minutes, shall exceed five times the average daily flow. The term particularly applies to the sudden emptying of large vats, tanks or swimming pools into the sewerage system.

Treatment Plant - Existing sewage treatment plant and facilities owned and operated by CCA, together with any additions, modifications and/or improvements thereto.

ARTICLE II - STATEMENT OF INTENT.

The parties hereto agree that it is the intent of this Agreement to provide for the conveyance of sanitary sewage from a sanitary sewer system originating at the Coatesville Country Club in West Caln Township through a portion of the Valley Township Sewer System to the CCA sewer system in Coatesville and from there to the Treatment Plant owned by CCA for treatment and disposal of those wastes, in common with other wastes flowing through the CCA system and to provide for payment to the Township by CCA for an equitable share of the cost of operation and maintenance of the jointly used conveyance facilities.

ARTICLE III - TERMS OF AGREEMENT

Section 1 - This Agreement shall be effective as of the above date and shall continue for an indefinite period from said date. Any sewage treatment agreements now existing or to be reached by the Township and CCA shall affect this Agreement in that, should CCA terminate a Sewage Treatment Agreement, this conveyance agreement between CCA and the Township shall be subject to renegotiation at that time, but the Township shall have no obligation to continue the conveyance agreements. Should the Township terminate the sewage treatment agreement, the conveyance agreement between CCA and the Township shall continue in full force and effect.

Section 2 - The Township hereby grants to CCA the right to connect a sanitary sewer emanating from the Coatesville Country Club located in West Caln Township to a manhole located at the intersection Country Club Road and Mineral Springs Road in Valley Township for the purpose of conveying sewage through the Valley Township system from the connection point to the Valley Township Sewage Meter Pit at the connection to CCA system located in Rock ^{Run} ~~Rock~~ in Valley Township. The agreement by Valley Township to convey sewage shall be subject to the payment of equitable fees to the Township to provide for the operation and maintenance of the jointly used lines as provided herein. Sewage flows conveyed through the Township system for CCA shall be deducted from, and not included in, metered flow used for billing of Valley Township by CCA, this metered flow being measured at the connection to CCA's system at the above mentioned location in Rock Run, and shall not be included in the limitation on the Township's right to discharge sanitary sewage as provided in existing or future sewage treatment agreements and shall not be included in the calculation of any future tapping fees. For the purpose of determining the quantities of sewage to be conveyed from the Country Club Connection through the Valley Township Sewage System, a metering system, approved by Valley Township shall be

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installed on the Country Club property. Maintenance of such a meter and responsibility for determining the flows registered on the meter shall be as provided hereinafter.

Section 3 - If the Township, at any future time, shall transfer title to its sewage system to any municipality or authority by deed or otherwise, it shall assign all its rights and interests in and under this Agreement to said municipality or authority and, upon such assignment, the assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement, and the Township thereafter shall cease to be a party to this Agreement. This Agreement also shall be binding upon and inure to the successors and assigns of any party to this Agreement.

Section 4 - CCA and the Township agree that rules and regulations which may be adopted for making of connections and use of the sewage system in conformance with the Sewage Treatment Agreement shall apply to the sewage system operated by CCA in West Caln. CCA also agrees to enforce the provisions of such rules and regulations at all times, and CCA agrees that the Township or its duly authorized representative shall have the right, at all times, to inspect sewage systems connected to Valley Township for conveyance and to compel the discontinuance of any connection which it finds to be in violation of this Agreement.

Section 5 - The parties hereto agree to comply with all applicable present and future Pennsylvania or United States laws, as well as any rules, regulations, permits, orders and requirements lawfully made by any governmental body having jurisdiction and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

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ARTICLE IV - CONSTRUCTION OF COLLECTION AND CONVEYANCE FACILITIES - INTERCONNECTION

Section 1 - The parties hereto understand and agree it will be necessary for the Coatesville Country Club to design, layout, and cause to have constructed a sanitary sewer connection from the Club facilities in West Caln Township, such facilities to be subject to the approval of Valley Township. The ownership of said sewer connection shall be private and its maintenance and operation the responsibility of the Coatesville Country Club.

Section 2 - The sanitary sewer connection from the Country Club to the manhole at Country Club Road and Mineral Springs Road, the connecting point cited above, shall be constructed or caused to be constructed by the Coatesville Country Club.

Section 3 - Sanitary sewage from Coatesville Country Club shall be collected and conveyed to point of connection, as outlined on the final plans, approved by Valley Township and CCA.

Prior to the connection of the referenced facilities by the Coatesville Country Club (under the auspices of CCA) to complete this interconnection, the following activities will be carried out to determine the practicality of such an interconnection or increase in flow:

- A. The respective engineers of each party will meet to exchange technical data regarding the proposed interconnection. This data will include:
1. The proposed point of connection.
 2. Anticipated initial flow.
 3. Rate and frequency of discharge.

REVISED 7/20/94

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4. Anticipated ultimate flow.
 5. Adequacy of receiving sewer.
 6. Type of control and/or metering device.
 7. Estimated cost of downstream improvement, if required.
- B. The proposed interconnection flow will not be approved if the proposed discharge will overload the receiving sewer unless the CCA agrees to compensate adequately the Township for corrective measures necessary to make the receiving sewer adequate for the proposed discharge. If the receiving sewer is limited in capacity, discharge will be limited to the available capacity until such time as adequate capacity is made available.
- C. CCA or the Coatesville Country Club shall secure all necessary easements, rights-of-way, and permits from all sources whatsoever as may be required to deliver sewage to the point of connection to the Township sewage collection system. The consulting engineer of the Township shall have the right to approve the plans and to inspect the manner of the making of such connections between CCA and the Township sewers; the same shall not be used until such time as the Township shall receive written notice from the Township's consulting engineer that the construction of such connections has been accomplished in accordance with the approved plans and specifications relating thereto. Neither the Township nor its consulting engineer shall unjustifiably delay approval.

Section 4 - At or before the commencement of actual sewage disposal service CCA shall cause to have installed and thereafter at all times maintain the meter system cited in Section 2, Article III above. Said meter shall be subject to the approval

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of the Township. The expense of procurement, installation, and maintenance thereof shall be borne by CCA and the Coatesville Country Club.

- A. The device(s) shall be inspected and calibrated, and tested for accuracy at least once every six months by a person or entity competent in the inspection and testing of such devices. Certified reports of such inspections shall be mailed directly to the Township. The cost of such inspection and the cost of any repair or replacement shall be borne by CCA. All repairs of meters of any type shall be accomplished within 30 calendar days of receipt of the inspection company's report attesting to the meter's malfunction.
- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharged. This estimate will be based on an evaluation of past flow records as applied to present conditions, and as reviewed and approved by the engineers for both CCA and the Township.
- C. Meter records and the meter installations shall be made available and accessible to the Township. The record of sewage flow through recording meters operated and maintained by CCA will be read by CCA on the first days of January, April, July and October, showing the total and daily sewage flows discharged during the previous three-month period. The Township reserves the right to inspect and read meters upon 24 hour notice to CCA.
- D. The Township shall have the right, upon written request, to a calibration check of CCA's meter(s) at any time outside the normal scheduled calibration time for the purpose of checking its accuracy. This non-scheduled calibration will flows discharged during the previous three-month period.

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The Township reserves the right to inspect and read meters upon 24 hour notice to CCA.

- D. The Township shall have the right, upon written request, to a calibration check of CCA's meter(s) at any time outside the normal scheduled calibration time for the purpose of checking its accuracy. This non-scheduled calibration will be performed by CCA as described in Section 4.a hereof. If results of such non-scheduled calibrations show that the meter(s) was malfunctioning by variations from actual flow of more than five (5) percent, then all costs of the non-scheduled calibration and any repair or replacement will be paid by CCA. If no violation is found, then the Township shall pay all costs for the calibration.

Section 5 - Maximum flow rates at any point of interconnection shall not exceed 3.0 times the average daily flow rate at any time. Maximum flow rates equal to 3.0 times the average flow rate shall be limited to a duration of not more than 30 minutes in any day.

ARTICLE V - MAINTENANCE, SAVE HARMLESS AGREEMENT, INSURANCE.

Section 1 - CCA and the Township agree, in regard to their respective collection systems, to operate continuously and keep and maintain the same at all times in good repair and order, and in good and efficient operating condition, and to meet the standards prescribed by the Pennsylvania Department of Environmental Resources or of any other governmental authority having jurisdiction thereof.

Section 2 - The Township agrees to indemnify and save harmless CCA against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of the Township, its

respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 3 - CCA agrees to indemnify and save harmless the Township against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of CCA, its respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 4 - CCA and the Township shall insure or cause to be insured their respective facilities (i.e., including but not limited to treatment plant, capital additions and interceptors) in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania against loss or damage by fire and against such other risks in such amounts as usually are carried upon, or with respect to, like property in Pennsylvania. Immediately after any loss or damage to either parties' facilities or any part thereof, the affected party will commence and duly prosecute the repair, replacement, or reconstruction of the damaged or destroyed portion of its facilities, all according to the provisions as previously defined. Both parties will also maintain liability insurance with an aggregate limit in the amount of \$2,000,000 against any loss or injury to third persons or property of third persons as a result of fire, explosion, and other risk and casualty occurring to their respective facilities.

ARTICLE VI - CHARGES AND PAYMENTS.

Section 1 - Quarterly billings to CCA for the conveyance of CCA sewage through the Township system shall be delivered by the Township and shall be payable as provided hereinafter. Billing shall be based upon the proportionate share of the operating and

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maintenance costs of the commonly used lines to be determined by the following formula:

$$\text{Cost of Conveyance} = \text{OM} \times \text{L1/L2} + \text{OM} \times \text{F1/F2}$$

OM is the cost of operating and maintenance for sanitary sewage collection lines in Valley Township. OM shall be determined by the Township subject to the review of the appropriate financial records by CCA.

L1 is the total length of commonly used lines.

L2 is the total length of all sewage collection lines in Valley Township.

L1 and L2 shall be determined from the mapping of the Township sewer system.

F1 is the flow into Valley Township as metered by CCA for determination of sewage flow. F1 shall be determined by meter readings.

F2 is the total flow in the commonly used lines. F2 shall be calculated by the Township subject to review and approval by CCA and using where appropriate metering records at the downstream Township points of connection with the CCA system.

The cost of conveyance shall be calculated on an annual basis or at the time of the connection made by CCA to the Township system or where significant changes (more than 10% of total connected daily flow) occur within the Valley Township system. Calculation for cost of conveyance shall be available for confirmation no less than thirty days before taking effect.

ARTICLE VII - MISCELLANEOUS.

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Section 1 - The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions thereof shall not be construed as a waiver of any of its rights hereunder.

Section 2 - This writing constitutes the entire Agreement between the parties, and there are no other representations or agreements, verbal or written, other than those contained herein.

Section 3 - Whenever a notice is required to be given by mail, the following addresses shall be used unless a different address is specifically called for:

City of Coatesville Authority
114 East Lincoln Highway
Coatesville, Pennsylvania 19320

Valley Township
890 West Lincoln Highway
Coatesville, Pennsylvania 19320

Section 4 - This Agreement may be executed in any number of counterparts, each of which shall be properly executed by the Township and CCA, and all of which shall be regarded for all purposes as the original.

Section 5 - In the event that the Department of Environmental Resources of the Commonwealth of Pennsylvania, or any other regulatory body or governmental agency, shall fail or refuse to issue any permits for conveyance which may be necessary to accomplish the intent and purpose of this Agreement, the parties shall be relieved from further compliance with the terms of this Agreement until such time when such permit or permits shall be issued.

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Section 6 - In the event that any disputes shall arise relative to the interpretation and/or application of the terms of this Agreement, the parties hereof do hereby agree to the following procedure to settle such matters:

- A. The parties, operators, and/or managers will attempt to discuss and solve the problem.
- B. If Step "A" does not prove satisfactory, a joint committee comprised of three members (the solicitor, engineer, and an Authority Board member or supervisor) for each party will meet to attempt to solve the problem.
- C. If neither of the above steps proves successful, the dispute shall be resolved by decision of a panel consisting of the consulting engineer of each of the respective parties to the dispute, and an additional consulting engineer chosen by and acceptable to the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

Attest: _____

CITY OF COATESVILLE AUTHORITY

By: _____

VALLEY TOWNSHIP

By: _____

Attest: _____
