

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1102(a), for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned by the York City Sewer Authority and operated by the City of York, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of York, Pennsylvania, and to three bulk service interconnection points located in North York Borough, Manchester Township and York Township, York County, Pennsylvania, and (3) the rights of Pennsylvania-American Water Company to begin to offer and furnish Industrial Pretreatment Program to qualifying industrial customers in Manchester Township, Spring Garden Township and West Manchester Township, York County, Pennsylvania

Docket No. A-2021-3024681 *et al.*

**DIRECT TESTIMONY OF
BERNARD J. GRUNDUSKY, JR.
ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY**

Dated: July 1, 2021

PAWC Statement No. 1

**DIRECT TESTIMONY OF
BERNARD J. GRUNDUSKY, JR.**

INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Bernard J. Grundusky, Jr. and my business address is 852 Wesley Drive,
Mechanicsburg, Pennsylvania 17055.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC") as the Senior
Director of Business Development.

**Q. WHAT ARE YOUR RESPONSIBILITIES AS PAWC'S SENIOR DIRECTOR OF
BUSINESS DEVELOPMENT?**

A. I develop and maintain necessary contacts to stay abreast of new business opportunities.
In addition, I direct the business development team in the preparation of proposals, policies
and strategies for acquisitions, and other related business ventures. Finally, I participate in
developing PAWC's short- and long-range plans. These responsibilities necessitate that I
maintain a working knowledge of regulatory and technical developments, new
technologies and current trends as they affect the water and wastewater utility industries,
and that I be familiar with legislation, regulation and public policy affecting business
opportunities.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.

1 **A.** I received a Bachelor of Science (B.S.) degree in Accounting from Pennsylvania State
2 University in August of 1990 and a Master of Business Administration degree (MBA) from
3 Lebanon Valley College in 1995. My experience in the waterworks industry began in
4 March 1991 when I was employed as a Rate Analyst in the Rates and Revenue Department
5 of the American Water Works Service Company. As a Rate Analyst, I was responsible for
6 preparing financial analysis and written testimony to support PAWC rate increase requests.
7 On July 1, 1995, I was promoted to Senior Rate Analyst. On October 16, 1996, I was
8 promoted to Financial Analyst in PAWC's Administration Department. My principal
9 duties in that capacity included the preparation and administration of the revenue, operating
10 and maintenance budgets and assistance in the preparation of the capital budgets; the
11 review of results of operations by budget categories; and the annual review and refinement
12 of budgeting techniques. On July 1, 1997, I was promoted to Intermediate Financial
13 Analyst, and, on July 1, 1998, I was promoted to Senior Financial Analyst. On January 1,
14 1999, I transferred to PAWC's Business Development Department. On July 1, 2000, I was
15 promoted to Manager of Business Development. On April 1, 2009, I was promoted to the
16 position of Senior Manager of Business Development for PAWC. On September 30, 2013,
17 I was promoted to the position of Director of Business Development for PAWC. On May
18 21, 2018, I was promoted to Senior Director of Business Development. I have been in that
19 position since then and am currently the Senior Director of Business Development.

20
21 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**
22 **PUBLIC UTILITY COMMISSION ("COMMISSION")?**

23 **A.** Yes. I have previously testified before the Commission as a company witness for several
24 rate cases in the early to mid-1990's, as a witness for the complaint of the Municipal

1 Authority of the Township of Robinson against PAWC at Docket No. C-20030092, and as
2 a company witness for PAWC's 2013, 2017 and 2020 base rate case filings. I also recently
3 testified before the Commission as a company witness in the transactions between PAWC
4 and The Borough of New Cumberland ("BNC") at Docket No. A-2016-2544151, PAWC's
5 acquisition of The Sewer Authority of the City of Scranton ("SSA") at Docket No. A-2016-
6 2537209, PAWC's acquisition of the Municipal Authority of the City of McKeesport
7 ("MACM") at Docket No. A-2017-2606103, and PAWC's acquisition of the Township of
8 Exeter ("Exeter") at Docket No. A-2018-3004933, in which PAWC acquired the
9 wastewater collection and treatment systems of BNC, SSA, MACM and Exeter
10 respectively.

11
12 **DESCRIPTION OF THE APPLICATION**

13 **Q. HAS PAWC FILED AN APPLICATION WITH THE COMMISSION FOR**
14 **REGULATORY APPROVAL TO ACQUIRE THE WASTEWATER SYSTEM**
15 **OWNED BY THE YORK CITY SEWER AUTHORITY ("AUTHORITY") AND**
16 **OPERATED BY THE CITY OF YORK (THE "CITY") (COLLECTIVELY**
17 **REFERRED TO AS "YORK") AND RELATED APPROVALS?**

18 **A.** Yes. PAWC filed its Application on July 1, 2021 for approval of PAWC's acquisition of
19 York's wastewater collection and treatment system ("System"). I will refer to the
20 acquisition in my testimony as the "Transaction."

21 The Application was prepared and filed under my direct supervision. As indicated
22 in my Verification attached to the Application, the Application and its numerous
23 appendices are true and correct to the best of my knowledge, information, and belief. We

1 used PAWC records, as well as Authority and City records made available by York, to
2 prepare the Application. For purposes of having a complete evidentiary record in this
3 proceeding upon which the Commission can base its decision, I submit the Application and
4 all of its appendices (Appendices A through M) as **PAWC Exhibit No. BJG-1**.

5
6 **Q. WHAT IS PAWC SEEKING IN ITS APPLICATION?**

7 **A.** There are five requests. First, PAWC is requesting approval of the acquisition under
8 Section 1102, 66 Pa. C.S. § 1102, similar to many requests that come before the
9 Commission. Specifically, PAWC seeks approval to acquire the System and to obtain the
10 right to begin service in the areas currently served by York (“Service Area”). The
11 Application contains a *pro forma* tariff supplement under which York’s rates would be
12 initially adopted.

13 Second, pursuant to Act 12 of 2016, 66 Pa. C.S. § 1329 (“Section 1329”), PAWC
14 is seeking to utilize fair market value for the ratemaking rate base of the System. As
15 explained more-fully below, fair market value under Section 1329 is the lesser of the stated
16 purchase price in the Asset Purchase Agreement (“APA”), dated April 6, 2021 or the
17 average of the appraisal of York’s Utility Valuation Expert (“UVE”) and the appraisal of
18 PAWC’s UVE.

19 Third, PAWC is seeking the accrual and deferral of certain post-acquisition
20 improvement costs. Specifically, PAWC is seeking the accrual of Allowance for Funds
21 Used During Construction (“AFUDC”) for post-acquisition improvements (which will not
22 be recovered through its Distribution System Improvement Charge (“DSIC”)) for book and
23 ratemaking purposes, as well as the deferral of depreciation related to post-acquisition

1 improvements (which will not be recovered through the DSIC) for book and ratemaking
2 purposes.

3 Fourth, PAWC is seeking Certificates of Filing or approvals under Section 507 of
4 the Pennsylvania Public Utility Code (“Code”) for the APA and municipal agreements to
5 be assumed by PAWC as a result of the Transaction.

6 Fifth, PAWC is requesting the Commission to modify, under Section 508, 66 Pa.
7 C.S. § 508, certain municipal agreements to be assumed by PAWC as a result of the
8 Transaction. The modification is necessary because the rate formula in the agreements
9 includes an Authority debt component that would no longer be applicable after closing of
10 the Transaction (“Closing”). The modification would be limited to setting rates to be
11 charged by PAWC during a possible short transition period between Closing and the earlier
12 of (i) termination of the agreements or (ii) renegotiation of the assigned agreements (as
13 required by the agreements upon termination of the Authority’s bonds). Rates would be
14 set on a revenue-neutral basis at pre-Closing rates for the transition period. The
15 modification would also preserve allocated bulk treatment capacity levels at the levels in
16 existence at the time of Closing. After the transition period, the municipalities would be
17 served either pursuant to renegotiated agreements or pursuant to PAWC’s default tariffed
18 bulk rates (as adopted from the City’s default bulk rate ordinance).

19
20 **Q. IS PAWC PROPOSING THAT ITS APPLICATION BE EVALUATED USING THE**
21 **FAIR MARKET VALUE PROVISIONS OF SECTION 1329?**

22 **A.** Yes. PAWC’s Application has been prepared in accordance with the fair market value
23 provisions of Section 1329. Specifically, PAWC is requesting that the ratemaking rate

1 base related to the System be based on the lesser of the average of the UVE fair market
2 value appraisals included in the Application or the APA purchase price. I note, however,
3 that PAWC reserves its right to make alternative ratemaking proposals in future
4 proceedings as may be permitted under the Code and regulations.

5
6 **Q. WHAT DOES SECTION 1329 REQUIRE TO BE INCLUDED IN THE**
7 **APPLICATION?**

8 **A.** Section 1329 requires that the Application include (1) copies of the two UVE appraisals,
9 (2) the purchase price, (3) the ratemaking rate base, (4) the transaction and closing costs,
10 and (5) the proposed tariff. However, as will be explained later in my testimony, the
11 Commission has expanded the filing requirements beyond those specifically required by
12 the statute.

13
14 **Q. WHAT DOES THE COMMISSION REQUIRE FOR THE APPROVAL OF THE**
15 **FAIR MARKET VALUE RATEMAKING TREATMENT PERMITTED UNDER**
16 **SECTION 1329?**

17 **A.** In its Final Supplemental Implementation Order entered February 28, 2019, at Docket No.
18 M-2016-2543193 (*“Final Supplemental Implementation Order”*), the Commission
19 attached as Appendix A an extensive list of specific Section 1329 “Filing Requirements”
20 for items to include with an Application for it to be processed in a six-month time frame.
21 PAWC’s Application is structured around those Filing Requirements. Appendix A to the
22 Application and its sub-appendices directly address each of the Filing Requirements.

1 **DESCRIPTION OF TESTIMONY FILED WITH THE APPLICATION**

2 **Q. IS PAWC FILING AS PART OF ITS APPLICATION TESTIMONY PREPARED**
3 **BY YORK?**

4 **A.** Yes. PAWC's Application includes written direct testimony of the City of York Mayor,
5 Michael Helfrich and the written direct testimony of York's selected UVE, Mr. Dylan W.
6 D'Ascendis, Director for ScottMadden, Inc. PAWC is not sponsoring the testimony of
7 Mayor Helfrich or Mr. D'Ascendis, but has included their testimony in the Application as
8 a courtesy in anticipation of York's intervention and participation in the proceeding.
9 PAWC reserves the right to submit rebuttal testimony regarding York's testimony, as
10 appropriate.

11
12 **Q. PLEASE IDENTIFY THE OTHER PAWC WITNESSES WHO WILL BE**
13 **PROVIDING WRITTEN DIRECT TESTIMONY AND THEIR SUBJECT**
14 **MATTER AREAS.**

15 **A.** In addition to my direct testimony, PAWC will submit the written direct testimony of
16 Mr. Michael J. Guntrum, P.E., PAWC Senior Project Engineer (PAWC Statement No. 2)
17 and Ms. Ashley E. Everette, American Water Works Service Company Senior Director of
18 Rates and Regulatory, for Mid Atlantic Division (PAWC Statement No. 3). PAWC is also
19 sponsoring direct testimony by its selected UVE, Mr. Jerome C. Weinert, Principal and
20 Director of AUS Consultants, Inc. (PAWC Statement No. 4).

21 Mr. Guntrum will describe engineering and environmental challenges associated
22 with the System, support PAWC's technical fitness to operate the System, explain certain
23 commitments and improvements to be made by PAWC and other matters. Mr. Guntrum

1 will also address the anticipated day-to-day operation of the System once it is acquired by
2 PAWC, including staffing and the customer service enhancements that PAWC intends to
3 implement for the benefit of York's customers. Ms. Everette will address the initial rates,
4 rules, and regulations for York's customers as well as the impact of the Transaction on
5 PAWC's existing customers. Ms. Everette will also discuss the financing of the
6 Transaction, recording the acquisition at the net value of the assets and PAWC's overall
7 financial fitness. Mr. Weinert will provide supporting testimony for his fair market
8 valuation report.

9
10 **Q. ASIDE FROM AUTHENTICATING THE APPLICATION FOR ITS ADMISSION**
11 **INTO THE EVIDENTIARY RECORD AND IDENTIFYING ITS REQUESTS FOR**
12 **RELIEF, WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
13 **PROCEEDING?**

14 **A.** My direct testimony describes the Transaction. I will explain why the Transaction is in the
15 public interest and provides affirmative public benefits of a substantial nature, and why the
16 Transaction should be promptly approved by the Commission. I will also discuss why
17 PAWC is legally, financially, and technically fit to acquire and operate the System.

18
19 **DESCRIPTION OF THE TRANSACTION**

20 **Q. PLEASE PROVIDE A DESCRIPTION OF THE TRANSACTION NEGOTIATION**
21 **PROCESS.**

22 **A.** On July 10, 2020, the City issued a Request for Proposal For the Sale of the City of York
23 and York City Sewer Authority, York Pennsylvania Municipal Wastewater System. On

1 December 9, 2020, PAWC submitted a proposal to acquire the City of York Wastewater
2 Treatment Facilities Assets and on December 17, 2020, PAWC submitted a response to the
3 City of York's request for a best and final offer. After the RFP submittals and subsequent
4 arms-length negotiations, the City of York Council approved the sale of the York System
5 to PAWC on January 20, 2021 and the Authority approved the sale on March 24, 2021.
6 On April 6, 2021, the City, the Authority and PAWC entered into the APA for the sale of
7 substantially all of the assets, properties, and rights of the System at an agreed-upon price.
8

9 **Q. CAN YOU PLEASE PROVIDE AN OVERVIEW OF THE APA?**

10 **A.** Yes. The APA is attached as **Appendix A-24-a** to the Application (**PAWC Exhibit BJG-**
11 **1**). The APA sets forth the terms and conditions pursuant to which York will sell, and
12 PAWC will purchase, the System, as well as substantially all assets, properties and rights
13 that York owns and uses in connection with the System. The APA sets forth the entire
14 understanding of the parties with respect to the Transaction. Under the APA, the closing
15 of the Transaction will occur after the receipt of all applicable governmental approvals,
16 including approvals from this Commission, and after all applicable conditions have been
17 met (or waived) by the parties.

18 Upon Closing, PAWC will take ownership of the System and begin rendering
19 wastewater services to York's current customers and York will permanently discontinue
20 providing or furnishing wastewater service to the public. The City will assign its bulk
21 service agreements with nearby municipalities and The York Water Company to PAWC
22 upon Closing and cease providing bulk service. Additionally, upon Closing, York's
23 obligation to implement the Industrial Pretreatment Program will cease.

1 **Q. CAN YOU PLEASE PROVIDE A SUMMARY OF THE APA'S PROVISIONS**
2 **GOVERNING THE TRANSFER OF ASSETS?**

3 **A.** The specific properties, assets and rights to be transferred to PAWC are defined and
4 described in the APA's Section 2.01, while the excluded assets are defined in Section 2.02
5 of the APA. Generally, the APA states that every asset, property, business, goodwill and
6 rights owned by York and used in the provision of sanitary wastewater service, whether
7 real, personal, mixed, tangible or intangible, and including all the physical plant, property,
8 equipment and facilities comprising the System owned by York shall be conveyed to
9 PAWC. The Engineering Assessment (**Appendix A-15-a**) contains a list of the wastewater
10 system inventory used in connection with the System to be conveyed to PAWC. All
11 interests in real estate, including leases, easements and access to public rights-of-way,
12 owned by York and relating to the System are defined and described in Schedule 4.09, as
13 well as all assigned contracts to be conveyed to PAWC in Schedule 4.15. I note, however,
14 that some contracts in Schedule 4.15 are non-material and PAWC continues to review such
15 contracts to determine whether assumption of such contracts is cost-effective and in the
16 best interest of PAWC's customers.

17 Items that will not be transferred include, among other items: York's cash and cash
18 equivalents, including accounts receivable; York's insurance policies; all rights to any
19 action, suit or claims being pursued by York; all assets, properties and rights used by York
20 other than those which primarily relate to the operations of the System; and any and all
21 water utility and storm sewer assets.

1 **Q. HAS PAWC AGREED TO ASSUME ANY LIABILITIES OF YORK AS PART OF**
2 **THE TRANSACTION?**

3 **A.** Yes. PAWC is accepting certain "Assumed Liabilities" as part of this Transaction on the
4 day of and after closing on the Transaction. Per Section 2.04 of the APA, PAWC will
5 assume, among other items: (i) all liabilities and obligations associated with the
6 Authorizations and Permits following their transfers on the day of and after Closing; (ii) all
7 liabilities and obligations under the Assigned Contracts arising on or after Closing; (iii) all
8 liabilities and obligations under the Collective Bargaining Agreement arising on or after
9 the Closing; (iv) all liabilities and obligations relating to employee benefits, compensation
10 or other arrangements with respect to any Transferred Personnel arising on or after Closing;
11 (v) any litigation initiated against York relating to the System resulting from events that
12 occur on or after Closing; and (vi) all liabilities and obligations for Taxes relating to the
13 System after the Closing Date. PAWC will not assume or be liable for any liabilities or
14 obligations other than the Assumed Liabilities.

15
16 **Q. CAN YOU PLEASE SUMMARIZE THE APA'S PROVISIONS GOVERNING THE**
17 **NEGOTIATED PURCHASE PRICE OF THE TRANSACTION?**

18 **A.** The consideration for the purchase of the System as set forth in Section 3.01(a) of the APA
19 is (i) the negotiated purchase price of \$235,000,000 and (ii) the Average Daily AR
20 Payment. The Average Daily AR Payment is the average daily System revenue for the
21 period from Seller's final meter read through the Closing Date. The accounting for this
22 payment is discussed in the Direct Testimony of Ms. Ashley E. Everette, PAWC Statement
23 No. 3. The Average Daily AR Payment is not part of the requested ratemaking rate base.

1 **Q. PLEASE EXPLAIN THE RATES THAT WILL APPLY TO YORK'S DIRECT**
2 **CUSTOMERS FOLLOWING THE CLOSING OF THE TRANSACTION.**

3 **A.** As will be explained more fully in the Direct Testimony of Ms. Ashley E. Everette, PAWC
4 Statement No. 3, PAWC has committed to implement, upon closing of the Transaction, the
5 York's wastewater rates then in effect at closing, as set forth on Schedule 6.04(a). Subject
6 to PUC approval in a future base rate proceeding, PAWC will maintain base rates for
7 York's customers for at least three years from the Closing Date. The parties recognize that
8 ratemaking authority is vested with the Commission. Immediately upon Closing, York's
9 customers will be subject to PAWC's prevailing wastewater tariff on file with the
10 Commission with respect to miscellaneous fees and charges, rules and regulations for
11 wastewater service. All of York's direct customers will be billed on a monthly basis. The
12 monthly rates are shown in PAWC's *pro forma* tariff in **Appendix A-12** to the Application.

14 **Q. PLEASE EXPLAIN THE RATES THAT WILL APPLY TO THE BULK SERVICE**
15 **CUSTOMERS FOLLOWING THE CLOSING.**

16 **A.** Schedule 6.04(a) of the APA indicates that bulk sewer rates for municipalities are currently
17 set by negotiated contracts. On June 1, 2021, the City Council enacted a bulk rate
18 ordinance that set a default bulk rate in the absence of a bulk service contract ("Bulk Rate
19 Ordinance"). As required by Section 1329, PAWC is proposing in its *pro forma* tariff
20 supplement to adopt the default bulk rates as set forth in the Bulk Rate Ordinance. The
21 default rates would apply only in the absence of a bulk service contract.

22 Attached as **PAWC Exhibit BJG-2** are the Articles of Agreement between the City
23 and West Manchester Township, dated December 10, 1976, as amended. This is an

1 example of York's contracts with its bulk service customers (the "Intermunicipal
2 Agreements" or "IMAs"); other IMAs, including Manchester Township, York Township,
3 Spring Garden Township, Borough of North York and Borough of West York (which have
4 also been amended), are virtually identical to this contract. I note that the Borough of West
5 York IMA has been assigned to The York Water Company. The Springettsbury Township
6 contract is for excess flow and is structured differently.

7 The City is obligated to obtain assignment of the IMAs as a condition precedent to
8 Closing. I am advised by counsel that, even if the municipalities oppose assignment, York
9 is likely to prevail on assignment to PAWC either because the IMAs will be deemed by
10 arbitrators to be silent as to assignment or the permitted assignment to an "agency" would
11 apply to assignment to PAWC. If deemed silent, the IMA may be assigned without the
12 consent of the other party, as long as the assignee is capable of performing the duties under
13 the agreement, and the service is not unique to York. Wastewater service is not unique to
14 York and PAWC, as an experienced wastewater public utility, is clearly capable of
15 performing York's duties under the agreement. Surely, the parties to the IMAs did not
16 intend to prohibit the assignment of the contracts to a capable public utility that is regulated
17 by the Commission as to service and rates. Alternatively, by buying the System from York,
18 York has a strong argument that PAWC entered into an "agency" relationship with York;
19 the IMAs do not specify that assignee must be a "government agency." I am advised by
20 counsel that, under either legal theory, there is a high degree of certainty that the IMAs will
21 be assigned to PAWC upon Closing. The most that the municipalities could do is attempt
22 to delay assignment.

1 On May 17, 2021, the City notified all of the bulk service customers by letter that
2 it was assigning its interest in the IMAs to PAWC upon Closing. **PAWC Exhibit BJG-3.**
3 The City's May 17, 2021 letter also noted that, upon Closing, the City will cause the
4 retirement of all existing debt that is secured by the System. The latter point is significant
5 because Section 12 of the IMAs requires that the agreement be renegotiated upon
6 retirement of the System's bonds. The letter advised the bulk service customers to begin
7 negotiating a new bulk agreement with PAWC because of the impending debt retirement
8 in order to avoid any potential gap in the bulk collection and treatment service provided
9 under the IMA and to remove any uncertainty regarding the rates to be charged by PAWC
10 upon Closing. Ideally, by the date of Closing, all of the bulk service customers will
11 negotiate a new bulk treatment agreement establishing rates and capacity allocation for
12 service after Closing.

13 In this regard, I note that PAWC is attempting to renegotiate bulk service
14 agreements with the municipalities and York Water. If PAWC is able to do so, PAWC
15 will submit every new agreement with a municipality to the Commission for approval
16 pursuant to Section 507.

17 Section 19 of the IMA states: "In order that the purpose and intent of this
18 Agreement may be carried out, the City and Municipality agree to enact and keep in force,
19 and to enforce all necessary ordinances and resolutions." In order to prevent a gap in
20 service and uncertainty in the rates to be charged to a municipality that does not enter into
21 a new IMA before Closing, the City has adopted the Bulk Rate Ordinance. This ordinance
22 applies to "[a]ll customers connected to the sewer system and receiving wholesale
23 treatment and conveyance sewer service during any period during which an intermunicipal

1 sewer service agreement is not currently effective” **PAWC Exhibit BJG-4.** The
2 rates in this ordinance were calculated to be the same as the rates that are currently charged
3 to each of the municipalities that have an IMA.

4 As discussed in the testimony of my colleague, Ms. Ashley E. Everette, PAWC’s
5 proposed tariff includes rates for bulk service customers that do not have a bulk service
6 agreement after Closing. These tariffed rates are equal to the rates in the Bulk Rate
7 Ordinance, which is consistent with Section 1329(d)(v)’s requirement that the acquiring
8 public utility file with its Application a tariff containing a rate equal to the existing rates of
9 the selling utility at the time of the acquisition.

10 In other words, if any particular bulk service customer negotiates a new bulk service
11 agreement to be effective at Closing, its rates will be the rates established in that contract
12 (subject to Commission Section 507 approval). If, on the other hand, any particular bulk
13 customer does not negotiate a new bulk service agreement, its rates will be the wholesale
14 rate established in PAWC’s tariff upon termination of the IMA due to the Authority’s
15 retirement of its bonds (which will occur upon Closing or shortly thereafter).

16 Finally, as a “belt and suspenders” approach to ensure that there is no gap in service
17 to bulk customers, and to remove any uncertainty as to the rates to be charged to any bulk
18 customer who does not negotiate a new IMA to be effective at Closing, the Application
19 includes a petition asking the Commission to modify certain existing IMAs, pursuant to
20 Section 508 of the Code. I am advised by counsel that Section 508 allows the Commission
21 to revise contracts between a public utility and a municipal corporation or other person, if
22 the PUC determines that the terms and conditions of the contract are adverse to the public

1 interest. The Commission can revise the contract to establish just, reasonable and equitable
2 terms and conditions.

3 The Application petitions the Commission to modify certain IMAs that are assigned
4 to PAWC at Closing to revise the rates set in the contract because the municipalities'
5 current payment is based (in part) on their proportionate share of the annual debt service
6 incurred by the Authority. Obviously, the Authority will not incur any debt service after
7 all System debt is retired at Closing or shortly thereafter. The amount of the municipalities'
8 payment is therefore uncertain after Closing – if the IMAs are assigned but not terminated
9 upon Closing.

10 To address this uncertainty, the Application asks the Commission to revise the
11 IMAs as set forth in **Appendix L** to substitute into the agreements revenue-neutral rates
12 (*i.e.*, no increase or decrease from pre-Closing rates), as well as allocation of capacity at
13 pre-Closing levels, during any period between Closing and the termination of an IMA or
14 the effective date of a new bulk treatment agreement. This change would be equitable and
15 in the public interest because (a) York will have lawfully assigned the contracts to PAWC,
16 (b) continued bulk wastewater service is necessary to the municipalities because they have
17 no immediate, alternative bulk treatment options available, (c) the proposed contract rates
18 are revenue-neutral, and (d) capacity allocation is maintained at pre-Closing levels. It
19 would be inequitable to allow the municipalities to hold up York's sale of the assets, which
20 has been otherwise determined to be in the public interest, on the basis of a lawfully
21 assigned contract, where the municipalities are being held harmless on rates and capacity
22 allocation, will receive a higher quality of service from PAWC, and will be protected
23 prospectively on rates by the Commission's ratemaking process. Establishing a bulk rate

1 and maintaining the capacity allocation level are the only changes to the contracts that are
2 required in order to protect the public interest and promote the general well-being of the
3 Commonwealth. Consequently, all other provisions of the contracts should remain
4 unchanged.

5 **Q. HAS PAWC MADE ANY COMMITMENTS IN THE APA THAT WILL BE**
6 **IMPLEMENTED AFTER THE CLOSING OF THE TRANSACTION?**

7 **A.** Yes. My colleague, Mr. Michael J. Guntrum, P.E., will discuss investment commitments
8 in greater detail in his written direct testimony, PAWC Statement No. 2. In addition,
9 PAWC has committed to offer employment to eligible York employees following the
10 closing of the Transaction (*see* Section 6.03 of the APA). Mr. Guntrum also will discuss
11 anticipated day-to-day operation of the System once it is acquired by PAWC, including
12 staffing, in his written direct testimony, PAWC Statement No. 2. He will also discuss
13 PAWC's commitment to maintain and administer an Industrial Pretreatment Program
14 ("IPP"), similar to the program currently administered by the City, in the surrounding
15 municipalities that have bulk treatment agreements.

16
17 **BACKGROUND INFORMATION ON PAWC AND THE SYSTEM**

18 **Q. PLEASE PROVIDE AN OVERVIEW OF PAWC.**

19 **A.** PAWC, a subsidiary of American Water Works Company, Inc. ("American Water"), is the
20 largest regulated public utility corporation duly organized and existing under the laws of
21 the Commonwealth of Pennsylvania, engaged in the business of collecting, treating,
22 storing, supplying, distributing, and selling water to the public, and collecting, treating,
23 transporting and disposing of wastewater for the public. Water and wastewater services

1 are furnished by PAWC to the public in a service territory encompassing more than
2 409 communities in 37 counties, including York County and the nearby counties of Adams,
3 Cumberland and Dauphin. Overall, PAWC serves a combined population of over
4 2,400,000 across the Commonwealth and is American Water's largest subsidiary with
5 nearly 21 percent of American Water's regulated customer base.

6 PAWC currently employs approximately 1,100 professionals with expertise in all
7 areas of water and wastewater utility operations, including engineering, regulatory
8 compliance, water and wastewater treatment plant operation and maintenance, distribution
9 and collection system operation and maintenance, materials management, risk
10 management, human resources, legal, accounting, and customer service. PAWC has the
11 expertise, the record of environmental compliance, the commitment to invest in necessary
12 capital improvements and resources, and the experienced managerial and operating
13 personnel necessary to provide safe and reliable wastewater services to the residents of the
14 City and surrounding areas. Furthermore, PAWC has been providing water and wastewater
15 services within York County for many years.

16 PAWC takes pride in being a good corporate citizen by participating in local events,
17 providing environmental and firefighting grants, offering the "H2O Assistance Program,"
18 and supporting economic growth through infrastructure improvements in the communities
19 served by PAWC. PAWC is eager to partner with York in providing a sustainable long-
20 term future for York's wastewater assets, while helping York meet its current challenges.
21 The City and its residents will benefit from a stable company with a robust business model
22 and reliable service.

1 **Q. HOW MANY CUSTOMERS DOES THE SYSTEM CURRENTLY SERVE AND**
2 **HOW MANY CUSTOMERS DOES PAWC CURRENTLY SERVE?**

3 **A.** As of April 30, 2021, the System furnished wastewater services to approximately 13,747
4 direct customers. This number does not include the approximately 30,000 customers
5 served by surrounding municipalities with whom York has bulk service agreements.

6 As of May 31, 2021, PAWC furnished wastewater service to approximately 79,028
7 residential, commercial, industrial, municipal and bulk customers in Pennsylvania. As of
8 May 31, 2021 PAWC furnished water services to approximately 674,783 customers in
9 Pennsylvania.

10
11 **THE TRANSACTION IS IN THE PUBLIC INTEREST**

12 **Q. CAN YOU PLEASE EXPLAIN WHY THE PROPOSED TRANSACTION IS IN**
13 **THE PUBLIC INTEREST?**

14 **A.** Yes. The Transaction will result in affirmative public benefits of a substantial nature. First,
15 PAWC, as a large and long-established public utility, has the managerial, technical, and
16 financial fitness to operate the System in a safe and efficient manner in compliance with
17 the Code, the Pennsylvania Clean Streams Law, and all other applicable statutory and
18 regulatory requirements. PAWC has extensive experience in the operation of wastewater
19 collection and treatment systems including specific experience with the types of treatment
20 technologies employed in the York System. PAWC continues to develop expertise for the
21 benefit of the Commonwealth through its current operation of 23 wastewater treatment
22 plants providing service to approximately 79,028 customers Pennsylvania. The acquisition
23 fosters the Commission's stated goal of regionalizing wastewater systems to provide

1 greater environmental and economic benefits to customers. Current PAWC Southcentral
2 Area operation employees and York employees will be under the same management and
3 support teams, and employees of both departments will support each other when
4 appropriate and necessary, particularly in emergency situations. The York wastewater
5 treatment plant is located within 20 miles of PAWC's Fairview Township wastewater
6 system and 24 miles of PAWC's Mechanicsburg regional operations facility. PAWC can
7 draw upon a much broader range of engineering and operational experience, as well as
8 deeper financial resources, to address operational challenges and support growth and
9 development. Additionally, given PAWC's proximate water and wastewater operations,
10 PAWC is well positioned to provide utility services on a long-term, cost-effective basis.

11 Second, York's current customers will benefit in several ways from becoming
12 PAWC wastewater customers. PAWC is a large, financially-sound company that has the
13 capacity to finance necessary capital additions and improvements that will benefit its
14 customers. In addition, given its size, its access to capital, and its recognized strengths in
15 system planning, capital budgeting, and construction management, PAWC is well-
16 positioned to ensure that high quality wastewater service meeting all applicable state and
17 federal regulatory requirements is provided to York's customers. There is also a general
18 public benefit being that PAWC is subject to the jurisdiction of the Commission requiring
19 PAWC to provide adequate, efficient, safe and reliable service at just and reasonable rates.
20 Currently, York has no such regulatory oversight.

21 Third, York's current customers will benefit from the enhanced and proven
22 customer service that PAWC provides. My colleague, Mr. Michael J. Guntrum, P.E.,
23 discusses these customer service enhancements in more detail in PAWC Statement No. 2;

1 however, I would like to note that they include, but are not limited to, extended customer
2 service and call center hours, enhanced customer information and educational programs
3 and access to PAWC's customer assistance program. Additionally, through community
4 giving, partnerships and volunteering, PAWC demonstrates its commitment to programs
5 that address community-specific needs. One example is PAWC's H2O – Help to Others
6 Program, which for more than twenty-five years has assisted low-income customers. In
7 2011, the program was expanded to include wastewater customers, and those who qualify
8 can receive a grant up to \$500 and a 30% discount on their total wastewater charges.

9 Finally, the Transaction will benefit PAWC's existing customers in the long-term
10 by expanding PAWC's customer base. There will be no immediate rate impact on PAWC's
11 existing customers. By adding additional connections to the entire PAWC system, there
12 are more customers to share future infrastructure investment costs, which promotes stable
13 rates across the entire PAWC system. Customers who benefit from near-term
14 improvements will one day help pay for improvements on behalf of other customers on
15 other parts of the PAWC system. Being able to spread the costs of investing in and
16 maintaining public wastewater systems over a growing customer base, particularly in a
17 time of increased environmental requirements, is essential to the continued success and
18 longevity of wastewater systems and maintaining reasonable rates for customers. As a
19 matter of public policy, the Pennsylvania Legislature recognized the importance of
20 consolidation and cost sharing in the passage of Act 11 of 2012. As the PUC stated in
21 PAWC's recently-completed base rate case:

22 We also agree with the Company's argument that, in the circumstances,
23 applying Section 1311(c) in conjunction with Section 1329 is in the public
24 interest because otherwise, larger viable public utilities would be
25 discouraged from acquiring municipal and wastewater systems and

1 contravene the legislative intent and the Commission's policy of
2 encouraging consolidation and regionalization.¹

3 There is also a clear legislative intent associated with Section 1329 and its
4 allowance of fair market valuation for ratemaking purposes. The General Assembly
5 intended to facilitate the acquisition of municipal water and wastewater systems by
6 investor-owned utilities for the benefit of municipal corporations and their residents. Some
7 of these benefits to the City and its residents are described in the direct testimony City
8 witness, Mayor Michael Helfrich.

9
10 **PAWC'S LEGAL, FINANCIAL AND TECHNICAL FITNESS**

11 **Q. CAN YOU PLEASE TELL US WHY PAWC IS LEGALLY FIT TO ACQUIRE AND**
12 **OPERATE THE SYSTEM?**

13 **A.** Yes. PAWC is a Commission-regulated public utility with a good compliance history.
14 There are no pending legal proceedings that would suggest that PAWC is not legally fit to
15 provide service to customers on York's System.

16
17 **Q. CAN YOU EXPLAIN WHY PAWC IS FINANCIALLY FIT TO ACQUIRE AND**
18 **OPERATE THE SYSTEM?**

19 **A.** Yes. PAWC is the largest water and wastewater provider in Pennsylvania. It has a long-
20 demonstrated history with the Commission of financial stability.

21 As part of the Application, PAWC provided the audited internal balance sheet, as
22 of December 31, 2020 for PAWC (**Appendix D**), as well as the audited income statement,

¹ *Pa. Pub. Util. Comm'n v. Pennsylvania-American Water Company*, Docket Nos. R-2020-3019369 *et al.* (Opinion and Order entered Feb. 25, 2021) p. 82 (footnote omitted).

1 as of December 31, 2020, for PAWC (**Appendix F**). Those documents show that PAWC
2 had total assets of approximately \$5.6 billion as of December 31, 2020. Further, they show
3 that PAWC had net income of approximately \$197 million for the 12 months ending
4 December 31, 2020. These figures are further demonstration that PAWC has the financial
5 stability and wherewithal to acquire the York System and operate it in the public interest.
6 My colleague, Ms. Ashley E. Everette, will provide additional details in PAWC Statement
7 No. 3 on the financial health of PAWC and its ability to access capital.

8
9 **Q. PLEASE EXPLAIN WHY PAWC IS TECHNICALLY FIT TO OPERATE THE**
10 **SYSTEM.**

11 **A.** As I discussed earlier, PAWC is engaged in the business of collecting, treating, transporting
12 and disposing of wastewater for the public. PAWC is the largest investor-owned water and
13 wastewater utility in the Commonwealth of Pennsylvania and PAWC already has
14 significant water and wastewater operations throughout Pennsylvania. PAWC is
15 experienced in undertaking and completing water and wastewater system acquisitions with
16 public and private sector owners and successfully integrating those assets into our business
17 operations. In fact, PAWC is often called upon by the Commission to step in and resolve
18 troubled water and wastewater systems, resolving compliance issues and providing the
19 excellent service that customers expect and deserve. My colleague, Mr. Michael J.
20 Guntrum, P.E., will explain in greater detail in PAWC Statement No. 2, specifically how
21 PAWC intends to operate the York System once acquired.

1 **DESCRIPTION OF THE SERVICE AREA**

2 **Q. PLEASE EXPLAIN THE SERVICE AREA SOUGHT BY PAWC IN THE**
3 **APPLICATION.**

4 **A.** As part of its Application, PAWC is seeking the right to provide service to the customers
5 currently served by York as shown in the maps and descriptions attached as **Appendix A-**
6 **16-a through f.** No municipal authority, corporation, partnership or individual other than
7 York is now furnishing or has corporate or franchise rights to furnish service similar to that
8 to be rendered by PAWC in the Service Area covered by the Application, and no
9 competitive condition will be created. As discussed above, upon closing of the
10 Transaction, York will permanently discontinue all wastewater service to the public.

11 York also accepts and treats bulk sewage from seven communities via direct or
12 adjoining municipal sewer systems; they include the Boroughs of West York² and North
13 York and the Townships of Manchester, West Manchester, York, Spring Garden and
14 Springettsbury. I note that three of the bulk service interconnection points, North York
15 Borough, Manchester Township and York Township, are located slightly outside the
16 otherwise applied-for service territory and PAWC has requested Commission approval to
17 continue bulk service at those points of interconnection. Other than the municipal bulk
18 service customers, no customers are connected to those pipes outside of the otherwise
19 applied-for service territory. I will discuss PAWC's requested service territory for the IPP
20 below.

21

² The York Water Company owns the West York Borough wastewater collection system. *Application of The York Water Company - Wastewater (York) for approval of: (1) York to acquire certain wastewater facilities from West York Borough; and (2) the right of York to furnish wastewater service to the public in West York Borough, York County, Pennsylvania*, Docket No. A-2016-2552403 (Order entered Dec. 22, 2016).

1 **APPROVAL OF CONTRACTS WITH MUNICIPAL CORPORATIONS**

2 **Q. HAS PAWC REQUESTED CODE SECTION 507 CERTIFICATES OF FILING OR**
3 **APPROVALS AS PART OF ITS APPLICATION?**

4 **A.** Yes. In addition to the approvals sought under Code Sections 1102(a) and 1329, 66 Pa.
5 C.S. §§ 1102(a), 1329, the Application requests Code Section 507 Certificates of Filing or
6 approvals. According to PAWC's counsel, the APA and any contract with a municipal
7 corporation that will be assumed by PAWC must be filed with the Commission pursuant
8 to Code Section 507. Aside from the APA, PAWC has identified six contracts requiring
9 Certificates of Filing or approvals under Section 507 (see **Appendices A-25.1 through A-**
10 **25.6 to PAWC Exhibit No. BJG-1).**

11
12 **Q. PLEASE DESCRIBE THE MUNICIPAL CONTRACTS TO BE ASSUMED BY**
13 **PAWC.**

14 **A.** As noted, PAWC is assuming the contracts listed on Schedule 4.15 of the APA. The list
15 of contracts on the APA's Schedule 4.15 includes six Articles of Agreement, as amended,
16 that will be assigned to PAWC, specifically with Spring Garden Township, Manchester
17 Township, West Manchester Township, York Township, Springettsbury Township³ and
18 North York Borough. Additional information about the municipal contracts to be assumed
19 by PAWC is provided above under the heading "Description of the Transaction."

20 York is currently taking the steps necessary to assign the contracts to PAWC upon
21 Closing. Commission approval of the continuation of these contracts is necessary in order
22 for PAWC, after Closing, to provide wastewater service as York has previously done.

³ APA Schedule 4.15 System Contract No. 39 is listed as Springettsbury Pump Station Agreement 2002 dated March 19, 2002; however, the actual name on the contract is Articles of Agreement.

1 Approval is reasonable and serves an important public purpose because the services
2 provided under the contracts are essential to the provision of wastewater service in
3 neighboring communities. To the extent that PAWC renegotiates contracts with the
4 municipalities, PAWC will promptly file such contracts for Commission approval under
5 Section 507.

6
7 **INDUSTRIAL PRETREATMENT PROGRAM**

8 **Q. PLEASE EXPLAIN THE INDUSTRIAL PRETREATMENT PROGRAM**
9 **FOLLOWING THE CLOSING.**

10 **A.** York's IPP currently serves 22 industrial customers. Eleven of these customers are located
11 in the City, five are located in West Manchester Township, four are located in Manchester
12 Township, and two are located in Spring Garden Township. The IPP is codified in the City
13 Article 931 (attached to the Application as **Appendix A-18-b.1**) and the City Amended
14 Bill No. 18, Ordinance No. 17, Session 2020 (attached to the Application as **Appendix A-**
15 **18-b.3**). The IPP is also contained in provisions of or amendments to York's bulk service
16 agreements with the surrounding municipalities (see **Appendix A-25.1 (Spring Garden**
17 **Township), Appendix A-25.2 (Manchester Township), Appendix A-25.4 (West**
18 **Manchester)**.⁴ The surrounding municipalities have likewise enacted ordinances requiring
19 their industrial customers to comply with the York IPP.

20 York's activities include, among others: (a) issuing industrial waste discharge
21 permits, (b) providing technical services, such as sampling, processing of chemical

⁴ See the following provisions/amendments of the municipal agreements: Manchester Township (Amendment No. 2); North York Borough (Amendment No. 1); Spring Garden Township (Amendment No. 2); Springettsbury Township (Paragraph 7.02); West Manchester Township (Amendment No 3); and York Township (Amendment No. 1).

1 analyses and enforcement; and (c) imposing fees upon IPP participants where permitted
2 under the IPP. York prepares the customer's invoice for IPP-related charges and provides
3 it to the municipality, who sends the customer two invoices – one for wastewater usage
4 and one for IPP-related charges. York provides a detailed accounting of such assessed
5 costs to the municipality.

6 After Closing, IPP customers outside the City will continue to receive wastewater
7 service from their respective municipalities. PAWC, however, will assume York's
8 responsibility to provide IPP service to all 22 of York's current IPP customers -- including
9 the 11 located outside the municipal boundaries of the City.⁵ In order to provide IPP
10 service to IPP customers located outside PAWC's certificated wastewater service territory
11 in the City, PAWC requests an IPP service territory that includes each current IPP customer
12 location outside the City's boundaries.⁶ PAWC's certificated public utility rights for those
13 identified IPP service territories would be limited to administering the IPP; the
14 municipalities would otherwise continue to provide wastewater service. The requested IPP
15 service territories are specifically identified in the maps and descriptions attached to the
16 Application as **Appendix A-16-a through e - IPP**.

17 CONCLUSION

18 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

⁵ The IPP for York-area customers will be submitted to the Pennsylvania Department of Environmental Protection and may be amended from time to time. The effective IPP will be published on PAWC's website. However, because IPP fees are "rates" as defined by the Code, IPP fees will be set only through a tariff supplement submitted to the Commission for approval. *See* 66 Pa. C.S. § 102 (regarding definition of "Rate"). This approach is consistent with prior Commission approvals of IPPs for other service territories. *See, e.g.,* PAWC Supplement No. 23 to Tariff Wastewater PA P.U.C. No. 16, Fourth Rev. pp. 60-62 (regarding IPP-S).

⁶ Administration of an IPP is a form of wastewater treatment service "for the public for compensation"; accordingly, it is properly considered a "public utility" service for which a certificate of public convenience is required. 66 Pa. C.S. § 102 (regarding definitions of "Public Utility" and "Rate").

1 **A.** Yes. However, I reserve the right to supplement my testimony as additional issues or facts
2 arise during the course of this proceeding. Thank you.

EXHIBIT BJG-1

APPLICATION AND APPENDICES A-M

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ARTICLES OF AGREEMENT

City of York and West Manchester Township

This Agreement, made and entered into this *10th* day of *December*, 1976, by and between the City of York, a Municipal Corporation of the Commonwealth of Pennsylvania, being a City of the Third Class, (hereinafter called "City"), and the Township [Borough], of West Manchester, York County, Commonwealth of Pennsylvania, (hereinafter called "Municipality"):

Whereas, the City and the Municipality entered into an agreement granting the right of Municipality to make connection to City's Sewerage System and providing that the City would receive, treat and dispose of Municipality's sewage under and subject to the terms of said Agreement, and

Whereas, the Department of Environmental Resources of the Commonwealth of Pennsylvania (hereinafter called "DER") has issued a Notice of Violation and has obtained a Consent Agreement requiring that the York City Wastewater Treatment Plant be expanded and upgraded to a size and efficiency of treatment prescribed by the DER, and

Whereas, the United States Environmental Protection Agency (hereinafter called "EPA") has agreed to the program of expansion and upgrading, and

Whereas, the cost of the expansion and upgrading of the Wastewater Treatment Plant has been estimated to be in excess of \$17,000,000, and

Whereas, the York City Sewer Authority (hereinafter called "Authority") has made application for and received an offer of a grant for the partial funding of the project.

Whereas, the estimated cost to the Authority is in excess of \$7,000,000 after allowance for anticipated State and Federal Grants and this improvement follows a preceding improvement at a cost exceeding \$100,000, and

Whereas, the Authority intends and has or will receive such approvals as may be required from the DER and EPA to enlarge and improve the York Wastewater Treatment Plant in two stages:

Stage I Will expand the York Wastewater Treatment Plant (hereinafter referred to as the "Plant") capacity by 8 million gallons per day of sewage and will provide improvement in treatment efficiency.

The new facilities are designed and expected to comply with current treatment efficiency requirements.

The Plant, as a whole, will be improved in treatment efficiency as follows:

Stage II Will be undertaken to bring the York Wastewater Treatment Plant within the requirements of the current National Pollution Elimination Discharge Permit.

Whereas, the DER and EPA have given adequate assurances that the program of the City is acceptable and that they will not take any additional enforcement action requiring acceleration of the program, interim treatment, or limitation of the plant capacity below 26,000,000 gallons per day, and

Whereas, the City of York notified Municipality that a rate increase is necessary to expand the treatment capacity and efficiency and the parties hereto by this Agreement intend to revoke the aforementioned Agreement and replace same with this renegotiated Agreement which after execution will become effective on the date the improvements to the treatment plant are certified by the York Consulting Engineers to be in operation in accordance with all DER and EPA requirements and the Consulting Engineers have further certified that all required permits for operation have been issued.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein the parties agreeing to be legally bound agree as follows:

All Agreements made and executed between City of York and Municipality concerning this subject matter are to be deemed revoked on the effective date of this Agreement and in their place the parties agree to be bound as follows:

1. The boundary of the area from which sewage will be received shall be the limits of the area within the municipal boundaries of Municipality which will ultimately be served by sewers connected to the City Sewerage System as shown on attached Exhibit "A".

2. The City grants to the Municipality the right (and shall take all such steps as may be necessary to permit the Municipality) to connect all sanitary sewers constructed or to be constructed within areas shown on Exhibit "A" to the City's Sewerage System, sewage from said sewers so to be received by the City.

The City agrees to treat and dispose of the sewage from Municipality and all other sewage so to be received by the City in accordance with such DER, EPA or other governmental requirements as may be in effect from time to time. The sewage from Municipality shall not exceed the agreed loading limits as follows:

- a) Maximum of 5,920,200 gallons during any period of 24 consecutive hours.
- b) Maximum average of 4,664,200 gallons per 24 hours during any period of seven consecutive days.
- c) Maximum flow at any instant of 8,091 gallons per minute.
- d) Maximum of 10,854 pounds of biochemical oxygen demand during any period of 24 consecutive hours.
- e) Maximum average of 8,557 pounds of biochemical oxygen demand per 24 hours during any period of seven consecutive days.
- f) Maximum of 9,616 pounds of suspended solids during any period of 24 consecutive hours.
- g) Maximum average of 7,589 pounds of suspended solids per 24 hours during any period of seven consecutive days.

3. It is agreed between the parties that flow measuring devices referred to herein as sewage flow meters must be installed at all points of connections where a flow in excess of 70,000 gallons per day occurs. Said meters will be installed by the City, which shall use a standard type. The acquisition, installation, operation, maintenance, and calibration of the meters shall be done by the City and the costs thereof charged to the Municipality. Meters shall be maintained at a calibration accuracy of 5% +, which shall be certified to once every 90 days, and Municipality shall reserve the right at its expense to make an independent

check of its meters to insure accuracy. In the event a meter is found to be inaccurate or out of repair, Municipality shall be billed according to its last yearly average flow until said meter is repaired, which repair the City agrees to accomplish as quickly as possible. Flow meters are to be installed at least six months prior to the date the renovated plant becomes operative. Where no meter is installed, flow will be calculated for billing purposes at 350 gallons per day per Equivalent Dwelling Unit. The City reserves the right to measure and sample commercial and industrial users separately.

4. The point of connection of the said sanitary sewerage system of Municipality with the sanitary sewerage system of the City, shall be at the following locations and shall be provided with metering facilities at the following specified location unless it is noted in this listing that a meter will not be required:

See Annex 1

A point of connection shall be defined as that location where three or more Equivalent Dwelling Units connect to the sanitary sewerage system of the City. All connections to the system not meeting this requirement will be listed as various connections along a referenced street.

5. All sanitary sewer mains to be built, or which may be built by a Municipality in said area, shall be built in accordance with specifications to be filed with the City, and the City shall have the right during construction and from time to time thereafter, in its sole discretion, upon such reasonable prior notice to Municipality as circumstances permit, to inspect, and Municipality shall cooperate with City in such inspections.

The Stage I and Stage II construction of the Plant shall be in accordance with plans and specifications of the City's and Authority's Consulting Engineers which plans and specifications shall be made available for inspection to Municipality's Consulting Engineers. Municipality and the Consulting Engineer shall have the right during construction and from time to time thereafter, in their sole discretion, upon such reasonable prior notice to City as circumstances permit, to inspect the Plant and all related facilities and City or Authority, as appropriate, shall cooperate and cause the Authority to cooperate with Municipality in such inspections.

The Municipality shall notify the City two days prior to commencement of construction and two days prior to final testing of sewage facilities. The City shall notify Municipality seven days prior to commencement of construction and at least seven days prior to start-up tests and all other tests of the Plant and related facilities including sewage flow meters.

6. It is agreed between the parties that as an ultimate user of the capacity provided by the expansion of the Plant, Municipality shall participate with City and Authority in the funding construction, maintenance and operation of the Plant under Stage I and Stage II in return for the vested right to discharge wastewater from the sewer systems of Municipality into said facilities, subject to State and Federal laws and regulations. The funding and use of such facilities to be under the terms, conditions and limitations set forth herein.

6A. The City, Authority and Municipality and all other Municipality parties to similar agreements hereby covenant

to take such steps as may be necessary to assure that Municipality shall be entitled to, and have available at all times, the full amount of its reserve capacity.

City and Authority warrant that such capacity will be available upon completion of the Plant and Municipality, City, Authority and all other Municipalities covenant not to enter into any agreements or permit any occurrence which directly or indirectly limits Municipality's entitlement and use of its full reserve capacity.

7. The parties hereto agree that, notwithstanding any provisions of this Agreement relating to contribution by Municipality for the cost of construction, operating and/or maintenance of the York Wastewater Treatment Plant or interceptor sewers, the sole and exclusive ownership of the aforesaid facilities shall be vested exclusively in the Authority and that Municipality shall, as necessary, from time to time execute any and all documents required to assure any person, Federal or State agency that Municipality has no ownership interest in the aforesaid facilities. The parties agree that the Agreement shall not be deemed or construed as creating a partnership or joint venture between the parties hereto or the Authority and provisions of this Agreement regarding payment by Municipality of a percentage of construction costs constitute solely a reservation of rent for the use of a percentage of the capacity of the facilities.

8. Municipality agrees to pay the City, for the cost of wastewater treatment services rendered, an annual sum or sums based on the total number of metered gallons (or EDU's where applicable) discharged to the Plant. The cost of these services will include all of the costs normally associated with the operation, maintenance and administration of the Plant but excluding, inter alia, all costs relating to collector systems, interceptors not used by Municipality.

The cost of services shall be reduced by any annual or periodic grants or contributions received by the City or Authority from any federal, state or other government agency attributable to or on account of or for the cost of operation of the Plant.

The itemization of accounts and their percentage assignment to the cost of operation allocable to the plant shall be determined by an audit by certified public accountants acceptable to the parties hereto which audit shall separate such costs of operation from all other costs incurred by the City including administrative and billing expenses of the York City Sewer Rental Bureau.

Said Audit shall be performed within one year from the date of execution of this Agreement.

Treatment charges resulting from such costs of operation shall be equal to that portion of the rates attributable to the cost of operation of the Plant charged by the City to similar classes of users of the sewer system within the limits of the City.

Within ninety (90) days after the close of each Fiscal Year, City shall furnish an audit report, certified by an independent certified public accountant, whose certification shall be addressed to Municipality showing the actual cost of operation of the Plant and the proper allocation to each participating Municipality of the cost of operation of the Plant.

The audit report shall include such management letters and other documentation as required by applicable American Institute of Certified Public Accountant audit guides and related opinions.

Within ninety (90) days after the close of each Fiscal Year, the Authority shall furnish to the Municipality, a copy of such audit reports as may be required pursuant to its various indentures.

City and Authority shall keep appropriate records and accounts with respect to the cost of operation of the plant so that determinations which shall be necessary under this Agreement can be made promptly at the required times, with fairness and accuracy. The City and Authority agree to permit such review of their operations relating to the plant and its collection and interceptor systems in York as may be required by Municipality. Such operational and financial reviews shall be conducted at the sole cost and expense of the party requesting such review and shall be performed at a reasonable time acceptable to the party subject to said review. Any audit or review shall be performed without

disruption to the normal operating procedures of the party subject to such review or audit.

Municipality and City agree that they shall annually provide in their Budgets for obtaining the necessary funds to meet their respective obligations under this Agreement and relating to the operation of the plant and to that end shall by proper ordinances or resolutions make provision for the imposition of sewer rentals, the levying of special taxes or any other lawful method or methods to provide for obtaining sufficient revenues, in such manner as to assure that Municipality and City shall obtain or collect during each year, the amounts which may be due or may become due under the terms of this Agreement or for the City as required for payment of the costs of operation of the plant allocable to the City.

The rates referred to herein, are expressly made subject to the following provisions:

If at any time the City shall, upon the lawful requirement of the Commonwealth of Pennsylvania, or any of its agencies, boards, or departments, or upon any lawful order, rule, law or directive of the United States Government, or in order to qualify for grant-in-aid from any agency, or for any other reason subject to approval by Municipality, extend, enlarge, alter or improve its existing sewage treatment works at a cost, at any one time of more than \$100,000 or more or if operation costs increase to the extent that a

rate increase is necessary, Municipality agrees that there shall be a new schedule of rates as determined by proper justification and binding arbitration.

Charge for Treatment Services (Sample Calculation)

Total Gallons Treated

19,000,000 gallons/day x 365/year = 6,935,000,000 gallons

Total Annual Cost of Operation, Maintenance and Administration (minus any operating subsidies or credits)

\$2,200,000

Cost Per 1,000 Gallon

$\frac{\$2,200,000}{6,935,000,000} = \$0.32/1,000 \text{ gallons}$

8-A. Municipality agrees to pay to the City a service charge based on the total number of gallons (or EDU's where applicable) discharged into the existing York City Sewer System located within the City of York on an annual basis as billed by the City. The charge will be \$.04/1,000 gallons (or \$5.10 per EDU per year where applicable). This charge shall be in addition to the treatment charge established in Section 8.

These revenues shall be deposited in a separate account for Municipality and will be used toward the cost of maintenance, repair and replacement of the existing interceptor system as provided for in paragraph 9 and as described in Exhibit "C" attached hereto.

9. Municipality agrees to pay to the City in consideration of a vested interest in an allotted usage capacity of any York City interceptor sewers to accommodate any increase flow from Municipality which would in the judgment of the City and Municipality overburden any of the City intercepting sewers, an amount of money giving consideration

to the capacity allotted Municipality in relation to capacity to be used by others. Municipality's share of costs will be a percentage of the costs bearing the same relation to the total costs as Municipality's share of capacity bears to the total capacity for each section of new intercepting sewer constructed. Capacity means the calculated maximum hydraulic capacity. Municipality shall be a party to arriving at the final solution in correcting the problem.

10. Municipality agrees to pay to the City, in consideration of a vested interest in an allotted capacity of the expanded treatment capacity to be provided as part of Stage I of the Plant, a lump sum, at the time the Authority sells bonds to finance the project and makes settlement therefor, in an amount of money calculated by the City upon the agreed average daily flow capacity allotted to Municipality in the new facilities and the net cost of those facilities exclusive of all Federal and State grants received or expected to be received. In lieu of a lump sum payment, Municipality may elect to pay annually to the City the calculated proportionate share of the annual debt service or lease rental incurred by the City to finance the project as hereinafter computed.

The first payment shall become due not later than one week prior to the first interest or principal payment which payment is not capitalized in the bond issue.

In addition, until such first payment, the City and Municipality shall continue their sewer rental payments at the rate provided for in prior agreements or practice.

The expansion portion of this lump sum or annual amount shall be in the same proportion as the additional average daily flow allotted to Municipality bears to the 8 MGD capacity being added to the plant. The upgrading portion of the lump sum or annual amount shall be in the same proportion as the total average daily flow allotted to Municipality bears to the total 26 MGD capacity of the expanded plant.

Upon the completion of the construction of each Stage of the Plant expansion, the Authority shall deliver to Municipality a certificate of the Consulting Engineers stating: (a) the fact of such completion and (b) in reasonably itemized form, the actual cost of Construction of the Plant (i) after deducting therefrom the unexpended contingency fund, if any, and the amount of any applicable federal or state grants paid into the Construction Fund and not previously used to reduce the lump sum payments made by Municipality pursuant to this Section and (ii) after making appropriate adjustments in respect of net income, gain or loss from investments. If the Municipality share of the actual Cost of construction after adjustments (i) and (ii) is less than the total amount previously deposited by Municipality as required by this Section, the excess of such deposits shall forthwith be refunded to Municipality, within thirty (30) days of receipt of said certificate and if not then paid, shall be subject to interest at the rate of six percent (6%) per annum until paid, unless Municipality shall have requested a re-adjustment or audit within the aforesaid thirty (30) day period, and, in the event of such a request, shall be refunded promptly after the matter is resolved. If the Municipality share of the actual cost of construction after

adjustments (i) and (ii) is more than the total amount previously deposited by it pursuant to this Section, such deficiency shall be charged to and paid by Municipality and shall be due within thirty (30) days of notice to pay, and if not then paid shall be subject to interest at the rate of six percent (6%) per annum until paid, unless Municipality shall have requested, within thirty (30) days, a re-adjustment or audit, and, in the event of such a request, Municipality shall make the aforesaid payment, but shall receive interest at a rate of six percent (6%) per annum on any refunded amount determined as a result of re-adjustment or audit.

The said certificate of the Authority Consulting Engineers as to the actual cost of construction of each Stage of the Plant expansion and upgrading and the records from which it is compiled shall be audited by a certified public accountant selected by Authority. Municipality shall be entitled to make such audit as its sole expense of said certificate and all information relating thereto as it requires.

The additional average daily flow capacity allotted to Municipality in the 8 MGD capacity being added to the plant is 3.5442 MGD. The total average daily flow capacity allotted to Municipality in the 26 MGD wastewater treatment plant is 4.6642 MGD.

The City shall cause Authority to notify Municipality of all changes or alterations in the Plant Expansion Plans and Specifications. When any change order concerning said Plans and Specifications exceeds a net expense to the parties hereto and all other municipalities party to similar agreements exclusive of grant funds of \$50,000, it shall be approved by

the Municipality; provided, however, that if written notification of disapproval by Municipality is not received by Authority within (5) days of the respective date or dates upon which a request for approval of any change order is delivered to Municipality, such change order shall be deemed to have been approved by Municipality. Copies of all change orders in excess of \$10,000 shall be sent to Municipality by Authority within five (5) working days from the date of the Authority or City approval thereof. Authority further agrees that, without the prior approval of Municipality, no change or alteration will be made in any of the plant expansion plans and specification which will cause the cost of construction to exceed the amount available in the plant expansion construction fund.

The parties hereto further agree that the sums payable hereunder or any sums payable by the City for reservation of its allocated share and for operating expenses shall continue to be payable at the time and in the amount herein specified without suspension or abatement of any kind.

11. Municipality shall pay to City or Authority, as appropriate, Municipality's share of City's actual cost of restoring, replacing or upgrading any waste treatment facility handling sewage under this Agreement. Municipality's share of the costs shall be based upon that percent of the design capacity of the facility allotted through negotiations with the Municipality in the replaced facility as it bears to the maximum design capacity of the facilities replaced (which cost shall be determined in accordance with Section 10 hereof). Municipality, City and Authority, as appropriate,

shall repair their lines and appurtenances whenever necessary to correct excessive infiltration. Excessive infiltration shall be as defined by EPA under its guidelines as they exist and as they are from time to time amended. The City agrees to complete construction, at its own expense, of the separation of existing combined sewers as shown on Exhibit "B" as soon as possible so as not to infringe on the reserve capacity vested in outside municipalities to their detriment.

12. Notwithstanding any provisions herein to the contrary, this Agreement shall be entirely renegotiated by the City, and Municipality upon the final retirement of bonds issued by the Authority of York, Pennsylvania, which are issued to finance the construction of the 1976 additions of the sewage disposal plant of the City, said issue is expected to be in the [sum] principal amount of Alt. No. 3-32 Yr. Term \$7,250,000.00, and expected to be dated as of _____, as well as any additional bonds which may be issued by said Authority to finance the cost of any necessary or required additions, extensions, enlargements or improvements to said City Wastewater Treatment Plant for the operation thereof.

The City or Authority shall, in advance of each bond sale planned to finance the Plant expansions and upgrades, mail to the Municipality copies of the form of authorizing legislation restrictions, indentures and leases and the decision of the Municipality whether or not to disapprove the sale shall be forwarded to the City within thirty (30) days after the mailing of the copies of such documentation.

13. No connection shall be made to the Sanitary Sewerage System in said Sewer District and no plumbing fixtures or appliances shall be installed in any property in Municipality connected with said System without a permit first being obtained from the Municipality and a copy of said permit being forwarded to a designated agency of the City.

14. The use of the sanitary sewerage system served by the Plant in said Municipality as well as the installation, maintenance and use of plumbing fixtures and appliances therein, shall be subject to a Plumbing Code, Rules and Regulations substantially similar to that of the City as may be in effect from time to time and further subject to all laws of the Commonwealth, present or future, applicable to the use of the Municipality's sanitary sewerage system, as well as to the installation, maintenance and use of plumbing fixtures and appliances in the Municipality. The City, its Plumbing Inspector and other proper officials and agents shall have, upon notice to Municipality, a right of reasonable inspection of the Municipality Sewage System, connections therewith, plumbing fixtures and appliances and the use thereof. If the City or its proper officials or agents shall find from such inspection any condition, use, practice, discharge of waste or plumbing fixture or appliance harmful to the City's Sewerage System or its sewerage treatment works or the processes of said works, upon agreement by the Municipality, the orders of the City or its proper official or agent for the correction thereof shall be complied

with and Municipality agrees to cooperate fully with the City in this regard, and to pass such ordinances as permitted by law giving the City the authority and power and means to carry out the provisions of this paragraph.

15. Municipality and all other users of the Plant, including City, agrees that none of the following shall be discharged or caused to be discharged into the City's Sewerage System:

- a) any liquids or vapor having a temperature higher than 150°F.,
- b) any water or waste which may contain more than 100 parts per million, by weight, of fat, oil, or grease,
- c) any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas,
- d) any unground garbage,
- e) any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastic, wood, paunch, manure, or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewage works,
- f) any waters or wastes having a pH lower than 5.5, higher than 9.5 or having any other corrosive property capable of causing damage or hazard to structure, equipment and personnel of the sewage works,

- g) any waters or wastes containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage treatment process, constituting a hazard to humans or animals, or creating any hazard in the receiving waters of the sewage treatment plant,
- h) any waters or wastes containing suspended solids of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment plant,
- i) any noxious or malodorous gas or substance capable of creating a public nuisance.

16. Municipality and City agree that they will not permit the connection and discharge of industrial waste from any industry except after the formulation of a contract between industry and Municipality within which the industry is located and all Codes, Rules and Regulations, all Laws of the Commonwealth, and Ordinances of the City, present or future, shall be applicable to use of the sanitary sewer system and the Plant by industry. The responsibility for the enforcement shall be with Municipality. The City, however, reserves the right to enforce said Rules, Regulations, Laws of the Commonwealth, or City Ordinances, present or future, in the event Municipality would fail to do so.

17. The parties hereto shall, each at its own expense, maintain proper primary liability insurance with a reputable insurance company or companies licensed to do business in the Commonwealth of Pennsylvania in the minimum single limit (or equivalent split limits) of \$10,000,000 for the City and Authority and \$1,000,000 for the Municipality. Each party shall be furnished with a copy of the certificate of insurance, and such insurance shall not be subject to cancellation without at least thirty (30) days advance written notice to all parties. In addition to the foregoing specified minimum amounts of liability insurance, City or Authority, as appropriate, shall carry additional amounts of liability insurance from time to time in such amounts as are generally regarded as necessary or advisable in connection with the operation of a regional sewage treatment Plant. The failure among party hereto, at any time or from time to time, to enforce the foregoing provisions of the paragraph concerning insurance coverage shall not constitute a waiver of those provisions nor in any respect reduce the obligation of the party to defend and hold and save the other parties harmless with respect to any items or injury or damage covered by this paragraph.

18. Housing or redevelopment projects set up in Municipality or City by any housing or redevelopment authority, financed wholly or in part by State and/or Federal loans or grants-in-aid, shall not be entitled to, nor given free or reduced rate sewerage service.

19. In order that the purpose and intent of this Agreement may be carried out, the City and Municipality agree to enact and keep in force, and to enforce all necessary ordinances or resolutions.

20. The City does not, by this Agreement, commit itself to give to Municipality any sewerage service other than that mentioned in this Agreement. The City and Authority covenant to:

A. Maintain the Plant and related facilities in good repair, working condition and order;

B. Continuously and efficiently operate the Plant in accordance with generally accepted operating practices;

C. From time to time make all necessary, ordinary repairs, renewals and replacements thereof and all necessary improvements thereto in order to maintain adequate service to Municipality, all of which shall be deemed to be a part of the cost of operation;

D. Comply with all present and future laws.

21. If Municipality or City should at any future time transfer its sewerage system to any other agency or municipality by deed, lease or otherwise, then Municipality shall assign this Agreement to such agency or municipality, and upon such assignment, the assignee shall be subject to all of the obligations and shall be entitled to receive all of the rights and benefits of this Agreement.

22. If at any time the City, in making application or agreements for State or Federal Grants to aid in any improvements, restoration, expansion, or repair to or operations of its facilities, may need cooperative action by Municipality, such action will not unreasonably be withheld by the Municipality and the City and Authority agree to make all such applications as may be required to obtain such funds as may be available to subsidize any charges to the Municipality pursuant to this Agreement.

23. The parties agree that all disputes concerning the interpretation or application of any provisions of this Agreement shall be settled by arbitration in accordance with the rules of the American Arbitration Association.

24. The effective date of this Agreement shall be the date on which the improvements to the treatment are certified by the York Consulting Engineers to be in operation in accordance with all DER and EPA requirements and written notice thereof is sent to all Municipalities.

25. The City or any Municipality who is a party to this Agreement may buy from or sell to each other any capacity it has reserved at a price equal to what it has paid for said capacity, plus interest from the date of this Agreement or the date of acquisition of the capacity, as applicable at a rate not to exceed the average yield for 20 municipal bonds in the latest four weeks reported in the Bond Buyers Index, or, if such index is not published, its equivalent.

26. This Agreement shall be declared null and void if the City Bond Issue described herein to fund expansion of the Plant exceeds \$8,500,000.00 or if any of the participating Municipalities fail to execute agreements of like form containing only such variables as plant capacity reserved and other data necessarily variable.

27. If for any reason the capacity of the Plant should be rerated and assigned a capacity in excess of 26 MGD, this excess capacity shall be distributed to each party in the same percentages as capacity allotted to expansion of the wastewater treatment plant.

28. Any fines levied upon the City as a result of any participating municipality's effluent, that Municipality shall indemnify and reimburse the City for the amount of such fine and any costs connected therewith.

IN WITNESS WHEREOF, the parties have fully executed this Agreement the day and year aforesaid.

ATTEST:

CITY OF YORK

Myriam L. Miller
City Clerk

John J. Krunk
Mayor

William J. [Signature]
Controller
WEST MANCHESTER TOWNSHIP

ATTEST:

William E. [Signature]

Ray H. Trone
CHAIRMAN BOARD OF SUPERVISORS

ADDENDUM

The Agreement to which this addendum is attached shall be amended as follows:

Page 16 Section 12 line 18 after the word "the" strike "sale" and insert "documentation" and strike the word "Thirty (30)" and insert "Fifteen (15)".

It is further understood that approval shall be deemed to have been given if no response is received and that any disapproval must be by Municipalities representing not less than 50% of the gallonage reserved in the plant expansion.

In addition, the initial sale contemplated hereby in the amount of \$7,250,000 for a term of 32 years from the date of the bonds with interest capitalized for a period of two years (except for an amount of approximately \$300,000) is hereby approved.

It is further understood and agreed between the City and Township that construction of an interceptor along Willis Run in part within the City limits is required in order to permit usage of portions of the Township's reserve capacity in the plant. The City shall cause construction of such interceptor from the plant to the City limits, which construction shall be completed on or before operation of the plant. Prior to completion of the interceptor by the City, the Township shall deposit with the City such amounts as may be required to cover the cost of construction, engineering fees and any debt service and/or financing costs related thereto and incurred prior to the deposit required of the Township. The City shall submit plans and specifications for the interceptor to the Township's engineer for approval, which approval shall not be unreasonably withheld or delayed.

In no event shall Township's contribution for this project be in excess of \$750,000.00. After bids are received for construction, it is contemplated that engineers from both the

City and Township will determine the contribution due from Township which shall be equivalent to Township's estimated costs if Township had constructed an interceptor along Willis Run for its own use and at its own costs.

IN WITNESS WHEREOF, the parties have fully executed this Agreement the day and year aforesaid.

ATTEST:

Myriam L. Nylia
City Clerk

CITY OF YORK

John J. Keck
Mayor

John J. Keck
Controller

ATTEST:

John J. Keck

WEST MANCHESTER TOWNSHIP

Paul H. Bond
CHAIRMAN, BOARD OF SUPERVISORS

J O I N D E R

YORK CITY SEWER AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), owner of the York City Waste-water Treatment Plant, and a party to all contracts for the expansion and upgrading of said plant, joins in the attached Agreement, and covenants and agrees to comply with all of the duties and obligations imposed upon it by either the existing or future Lease or Trust Indenture and to comply with any orders, rules, or regulations of the Department of Environmental Resources of the Commonwealth of Pennsylvania or of the United States Environmental Protection Agency.

IN WITNESS WHEREOF, York City Sewer Authority has fully executed this Joinder on the 15th day of December, 1976.

YORK CITY SEWER AUTHORITY

By Allen J. Miller
Chairman

Attest:

[Signature]
Secretary

WEST
MANCHESTER

C. S. DAVIDSON, INC.

October 6, 1976

ANNEX 1

1. In Richland Avenue 150 feet south of the intersection of West College Avenue and Richland Avenue (private line - not metered).
2. In Richland Avenue 50 feet south of the intersection of West College Avenue and Richland Avenue (not metered).
3. In Richland Avenue at the intersection of Zinns Quarry Road and Richland Avenue (private line - metered).
4. In West Locust Street 200 feet west of the intersection of Richland Avenue and West Locust Street (not metered).
5. Along Willis Run near Fahs Street 600 feet west of Roosevelt Avenue (metered).
6. Various properties along Willis Run connect directly to the York City Sewer System (not metered).
7. Along Willis Run, 150 feet north of the intersection of Fahs Street and Willis Run (private line - metered).

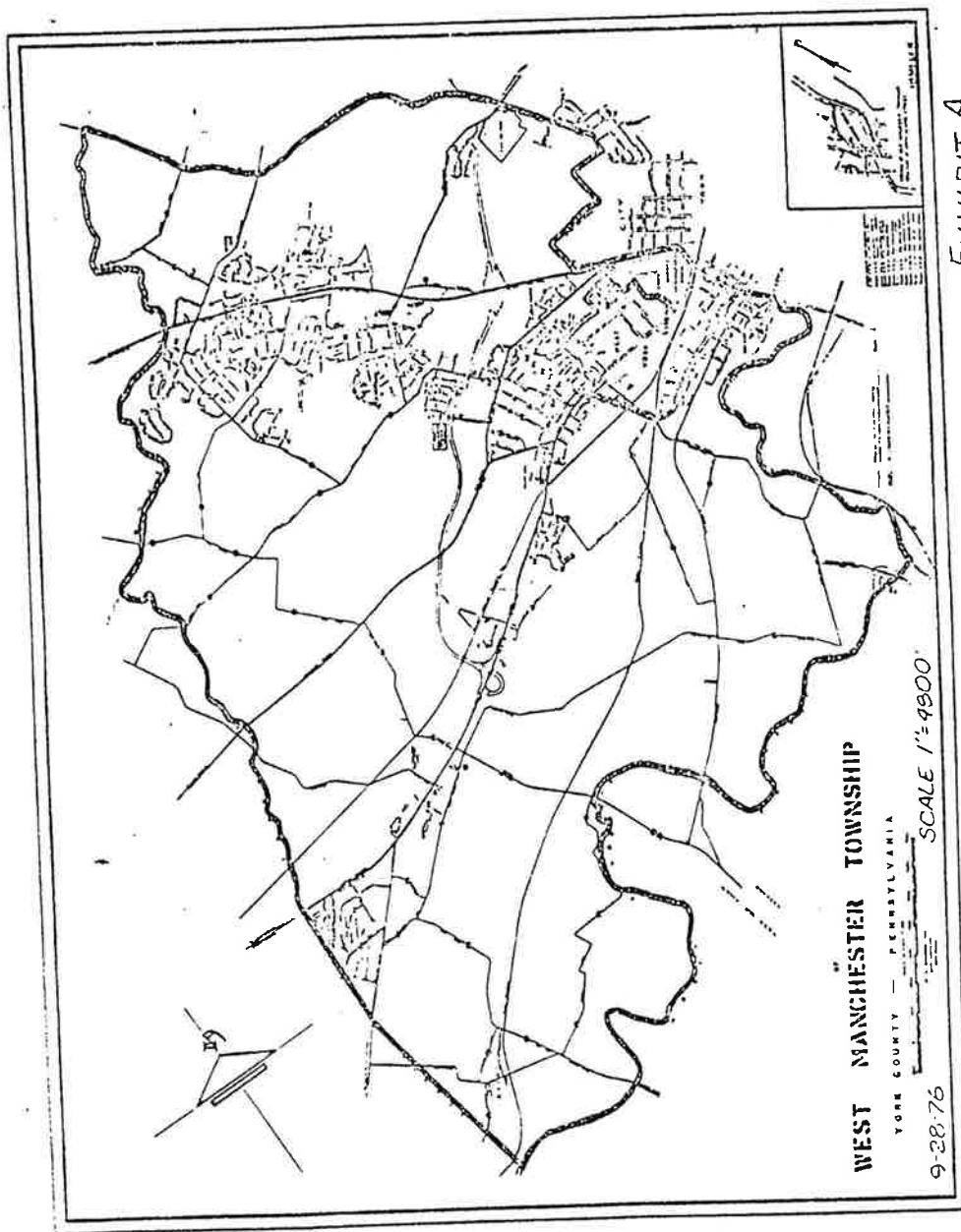
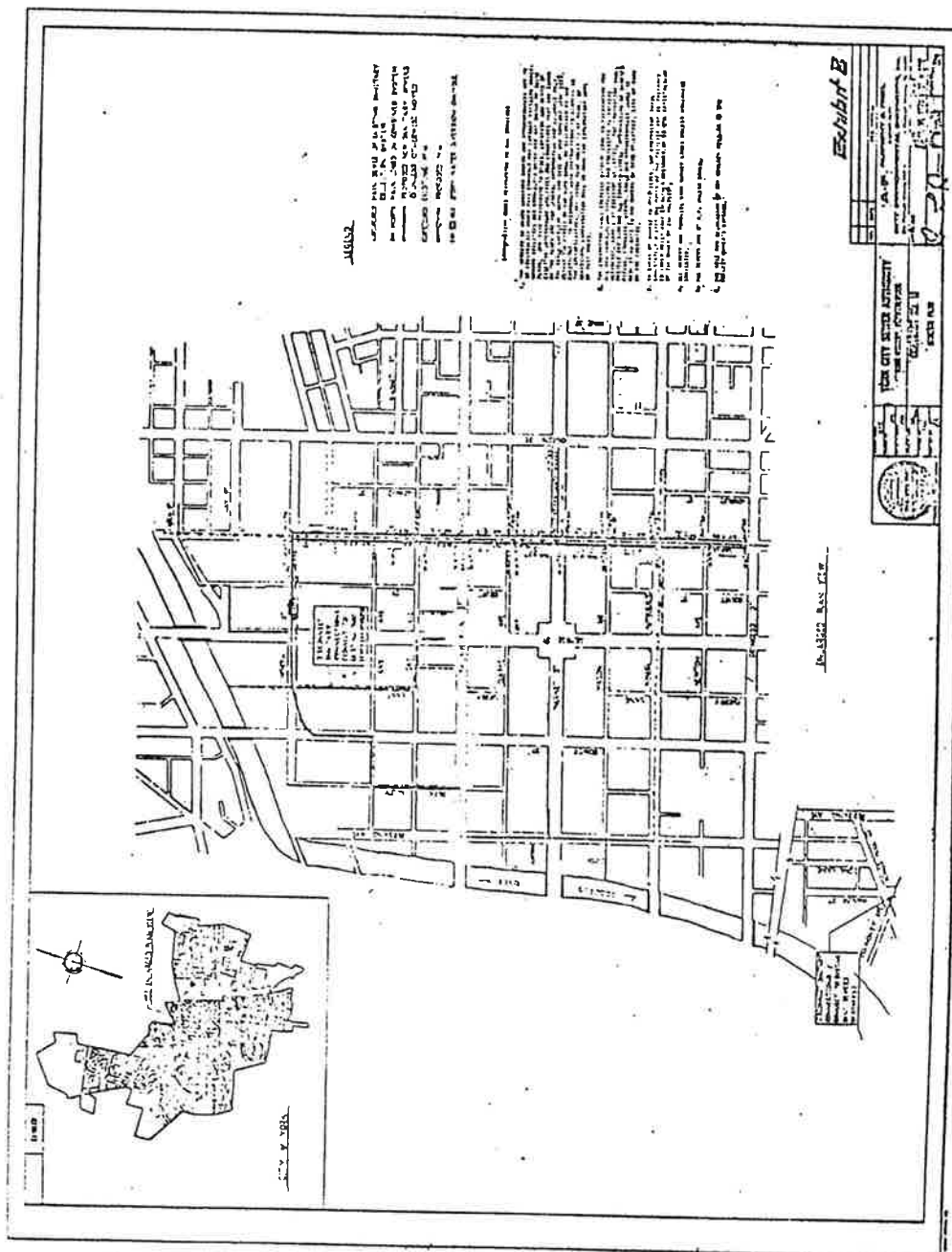


EXHIBIT A



CERTIFICATE

The undersigned as Secretary of the Board of Supervisors of the Township of West Manchester does hereby certify that the attached Agreement between the City of York, York County, Pennsylvania and the Township of West Manchester, York County, Pennsylvania, dated December 10, 1976 is a true and correct copy of the original Agreement entered into between the parties, and does further certify that the governing body of the said Township did, at a duly convened public meeting, authorize the officials who executed the said Agreement to execute and deliver the said Agreement on behalf of the said Township and that the said Agreement is in full force and effect on the date of this certification.

In witness whereof, I have hereunto set my signature as such official and affixed the corporate seal of the said Township of West Manchester as of this 8th day of March, 1977.


Secretary

(SEAL)

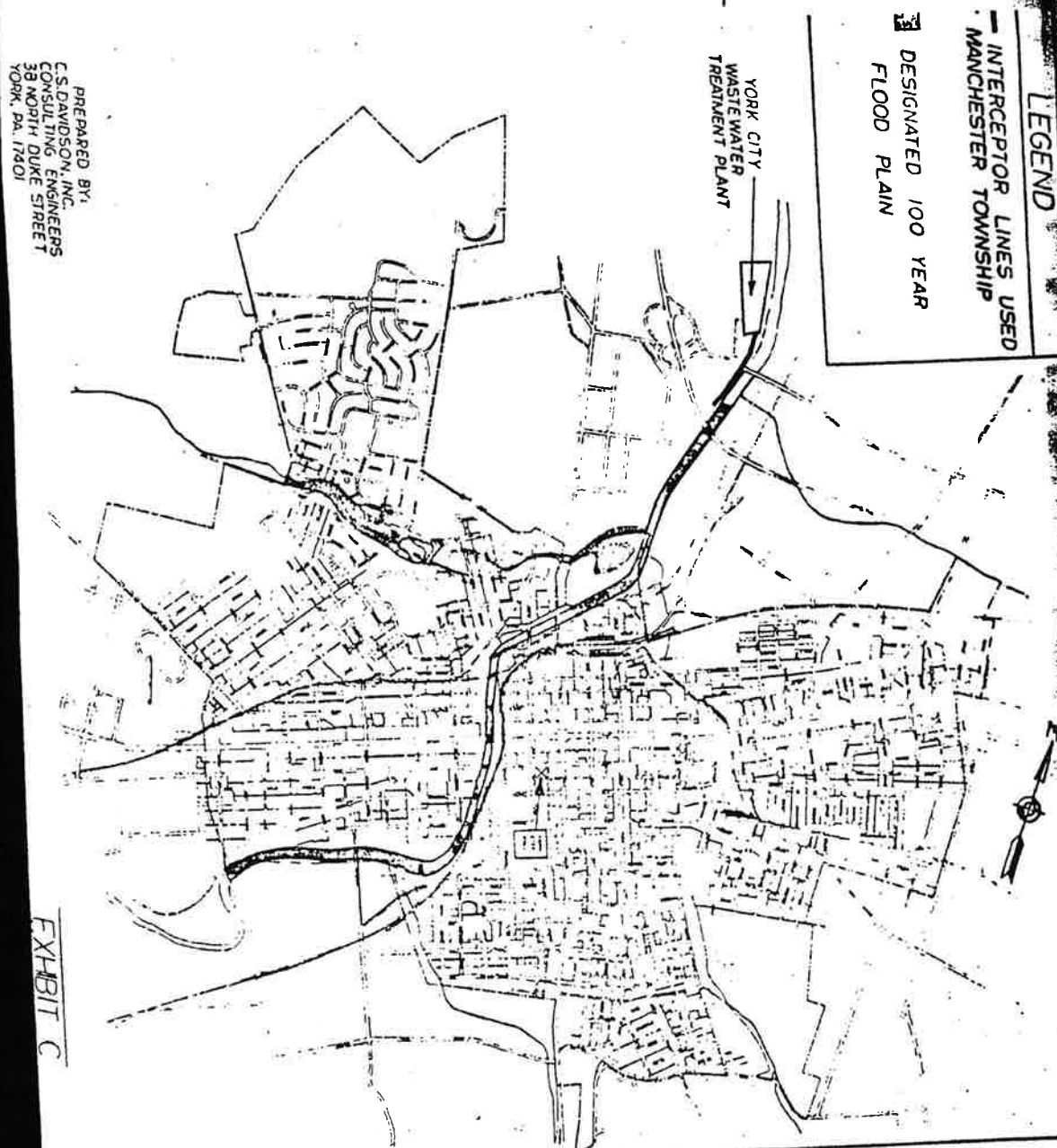
CERTIFICATE

The undersigned as City Clerk of the City of York does hereby certify that the attached Agreement between the City of York, York County, Pennsylvania and the Borough of North York, York County, Pennsylvania, dated December 10, 1976 is a true and correct copy of the original Agreement entered into between the parties, and does further certify that the governing body of the said City of York did, at a duly convened public meeting, authorize the officials who executed the said Agreement to execute and deliver the said Agreement on behalf of the said City of York, and that the said Agreement is in full force and effect on the date of this certification.

In witness whereof, I have hereunto set my signature as such official and affixed the corporate seal of the said City of York, as of this 8th day of March, 1977.

Miriam K. Miller
City Clerk

(SEAL)



*Inter muni
Agmt*

AMENDMENT TO ARTICLES OF AGREEMENT

BETWEEN

CITY OF YORK AND WEST MANCHESTER TOWNSHIP

This Agreement, made and entered into this 26 day of September, 1983, by and between the CITY OF YORK, a Municipal Corporation of the Commonwealth of Pennsylvania, being a City of the Third Class, (hereinafter called the "CITY"), and the TOWNSHIP OF WEST MANCHESTER, York County, a Municipal Corporation of the Commonwealth of Pennsylvania, being a Township of the Second Class, (hereinafter called "TOWNSHIP"):

WHEREAS, the CITY and the TOWNSHIP entered into an Agreement dated December 10, 1976, and two Addendums dated December 10, 1976 and July 25, 1978, (hereinafter called "BASIC AGREEMENT"), granting the right of TOWNSHIP to make connection to CITY's Sewerage System and providing that the CITY would receive, treat and dispose of TOWNSHIP'S sewage under and subject to the terms of said BASIC AGREEMENT, and

WHEREAS, the BASIC AGREEMENT imposed maximum average daily flow limitations on discharges from the TOWNSHIP to the existing City Willis Run Interceptor, including a 12" diameter segment between City Manhole No. B-41 and No. B-45, and

WHEREAS, the WEST MANCHESTER TOWNSHIP SEWER AUTHORITY is constructing a relief interceptor to parallel and by-pass the existing 12" diameter sewer, and connect to the CITY sewerage system at City Manhole No. B-41A, and

WHEREAS, Annex 1 attached to the BASIC AGREEMENT requires modification.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the parties agreeing to be legally bound agree as follows:

1. The permitted points of connection of the TOWNSHIP sanitary sewerage system to the CITY sanitary sewerage system of the CITY, shall be at the locations listed on Annex 1 (attached hereto) and shall be provided with sewage flow metering facilities unless otherwise specified.
2. The CITY shall install a new sewage flow meter (No. 12) at the location identified on Annex 1 and the TOWNSHIP agrees to reimburse the CITY for all associated construction costs. The new meter shall be operated and maintained in accordance with paragraph 3 of the BASIC AGREEMENT.
3. The CITY will allow existing direct private lateral connections from TOWNSHIP customers to remain connected to the existing CITY facilities, until such capacity is needed by the CITY, at which time the TOWNSHIP, with CITY concurrence, shall have the option to disconnect said properties or pay for prorated improvements in accordance with Paragraph 9 of the BASIC AGREEMENT.
4. The CITY specifically permits the TOWNSHIP to make connection to the CITY sewerage system at City Mahole No. B-57, until such capacity is needed by the CITY. Waste flow from this area of the TOWNSHIP shall be restricted to the following amounts:
 - a). Maximum average of 115,000 gallons during any period of 24 consecutive hours.
 - b). Maximum average of 90,800 gallons per 24 hours during any period of seven (7) consecutive days.

Should the CITY require additional capacity between City Manhole No. B-39 and No. B-57, for existing expansion and/or future development, the TOWNSHIP with CITY concurrence, shall have the option to disconnect said properties, remove an equivalent amount of flow, or pay for prorated improvements in accordance with Paragraph 9 of the BASIC AGREEMENT.

5. The maximum amounts of discharged flow from the TOWNSHIP to the CITY's 30" diameter and 36" diameter Willis Run Interceptor are hereby amended as follows:

a). Maximum average of 10,200,000 gallons during any period of 24 consecutive hours.

b). Maximum average of 8,040,000 gallons per 24 hours during any period of seven (7) consecutive days.

6. The TOWNSHIP shall continue to provide the CITY with quarterly reports showing the amount of waste flow added to the CITY's sanitary sewerage system for all areas not monitored by a sewage flow meter.

IN WITNESS WHEREOF, the parties have fully executed this Agreement
the 26 day of September, 1983.

ATTEST:

Miriam H. Kelly
City Clerk

CITY OF YORK

William A. Thomas
Mayor

John J. Peters
Controller

ATTEST:

W. Lee Woodmansee
W. Lee Woodmansee, Secretary

WEST MANCHESTER TOWNSHIP
BOARD OF SUPERVISORS

Michael J. March
Michael J. March, Chairman

C. S. DAVIDSON, INC.

ANNEX 1
POINTS OF CONNECTION TO THE
YORK CITY SEWER SYSTEM FROM
WEST MANCHESTER TOWNSHIP

1. At City Manhole No. 72B in Richland Avenue 150 feet south of the intersection of West College Avenue and Richland Avenue (private sewer - not metered).
2. At City Manhole No. 72A in Richland Avenue 50 feet south of the intersection of West College Avenue and Richland Avenue (public sewer - not metered).
3. At City Manhole No. 71 in Richland Avenue at the intersection with Zinn's Quarry Road (public sewer - not metered).
4. At City Manhole No. 76-1A 150 feet west of the intersection of Richland Avenue and West Locust Street (public sewer - not metered).
5. At City Manhole No. 81 in West Poplar Street 250 feet west of intersection of Richland Avenue and West Poplar Street (public sewer - flow meter no. 11 - included with West York Borough flows).
6. At City Manhole No. B-41A along Willis Run 475 feet west of the intersection of Roosevelt Avenue and Willis Run (public sewer - flow meter no. 12 at City Manhole No. B-39A).
7. At City Manhole No. B-44 along Willis Run 400 feet south of Fahs Street (private lateral - water metered).
8. Between City Manhole No. B-44 and B-45 along Willis Run 100 feet south of Fahs Street (private lateral - water metered).
9. At City Manhole No. B-45 along Willis Run at Fahs Street (private lateral - water metered).
10. At City Manhole No. B-38-11A in Roosevelt Avenue at the intersection with Fahs Street (private lateral - water metered).
11. Between City Manhole No. B-38 and B-38-4C various connections along Roosevelt Avenue between Wood Street and Community Place (private laterals - water metered).
12. Between City Manhole No. B-38 and B-51 various connections along Willis Run between Wood Street and Marbrook Lane (private laterals - water metered).
13. At City Manhole No. 76-10 in Richland Avenue at the intersection with Madison Avenue (private lateral - water metered).
14. Between City Manhole No. 76-11 and 76-12 along Madison Avenue between Richland Avenue and Smyser Alley (private lateral - water metered).

C. S. DAVIDSON, INC.

ANNEX 1 (Continued)
POINTS OF CONNECTION TO THE
YORK CITY SEWER SYSTEM FROM
WEST MANCHESTER TOWNSHIP

15. At City Manhole No. B-57 along Roosevelt Avenue 300 feet north of the intersection of U.S. Route 30 By-Pass and Roosevelt Avenue (proposed public sewer - not metered initially - possible future meter).
16. At City Manhole No. B-8 in Albright Avenue 25 feet south of the intersection of Willis Run and Albright Avenue (proposed public sewer - not metered).
17. Between City Manhole No. 26 and 27 along Hamilton Avenue between Albright Avenue and North George Street (private lateral - water metered).
18. Between City Manhole No. B-10 and 27-3 along Roosevelt Avenue between Willis Run and First Avenue (private lateral - water metered).
19. Between City Manhole No. 72-B and 71 various connections along Richland Avenue Between West College Avenue and Zinn's Quarry Road (private laterals - water metered).

INTERMUNICIPAL AGREEMENT - AMENDMENT #3

This Amendment made and entered into this 21st day of December, 1993, between the City of York (hereinafter CITY), and West Manchester Township (hereinafter MUNICIPALITY):

Whereas, the CITY leases and operates a wastewater treatment system, owned by the York City Sewer Authority; and

Whereas, MUNICIPALITY currently utilizes this wastewater treatment system pursuant to the Intermunicipal Sewer Agreement between the CITY and MUNICIPALITY dated December 10, 1976; and Amendment #1 dated September 26, 1983; and Amendment #2 dated September 16, 1986; and

Whereas, the CITY must develop and implement an industrial Pretreatment Program pursuant to conditions contained in its discharge permit, Permit No. PA0026263 issued by the Pennsylvania Department of Environmental Resources; and

Whereas, MUNICIPALITY desires to continue to utilize the wastewater treatment system and recognizes its industrial waste control obligations under the Clean Water Act and Title 40 Section 403 of the Code of Federal Regulations (40 CFR 403).

In consideration of the following terms and conditions the CITY and MUNICIPALITY agree:

Paragraphs 14, 15, and 16 of the existing Intermunicipal Sewer Agreement are deleted. The following paragraphs shall replace Paragraphs 2 (a)(b)(c)(d)(e)(f)(g), and 13. Paragraph 8 subparagraph 1 shall be amended by the addition of the following new subparagraph. Paragraph 10 subparagraph 6 is deleted and shall be replaced with the following paragraph.

2. a) Maximum of 5,834,600 gallons during any period of 24 consecutive hours.
- b) Maximum average of 4,594,200 gallons per 24 hours during any period of seven consecutive days.
- c) Maximum flow at any instant of 8,104 gallons per minute.
- d) Maximum of 14,112 pounds of biochemical oxygen demand per 24 consecutive hours.
- e) Maximum average of 11,112 pounds of biochemical oxygen demand per 24 hours during any period of seven consecutive days.

- f) Maximum of 9,975 pounds of suspended solids during any period of 24 consecutive hours.
- g) Maximum average of 7,855 pounds of suspended solids per 24 hours during any periods of seven consecutive days.

8. By October 10th of each year, the CITY will provide budgeted treatment and debt service charges to the MUNICIPALITY for the coming calendar year.

Beginning in 1994, the CITY will bill a fixed amount for the four quarters of each year. This amount will be equal to one-fourth of the budgeted revenue for each MUNICIPALITY. The CITY may however reduce the amount of the fourth bill provided the amounts billed will provide for sufficient funding to cover the projected costs for that year and maintain the required reserve.

10. The additional average daily flow capacity allotted to MUNICIPALITY in the 8 MGD capacity being added to the plant is 3.4742 MGD. The total average daily flow capacity allotted to MUNICIPALITY in the 26 MGD wastewater treatment plant is 4.5942 MGD.

13(A). MUNICIPALITY shall adopt and diligently enforce an ordinance which is equivalent to the sanitary sewer use ordinance adopted by the CITY.

(B). MUNICIPALITY shall explicitly incorporate the following provisions into its ordinance:

(i) a provision requiring any Industrial User responsible for an accidental or unlawful discharge to notify both the CITY and the MUNICIPALITY;

(ii) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as might be allowed by Federal Pretreatment Regulations;

(iii) a grant of authority to the CITY to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;

(iv) a prohibition against and penalty for the knowing transmittal of false information by an industrial user to either the CITY or MUNICIPALITY;

(v) a grant of explicit authority for penalties of a least \$1000.00 per day per violation of the ordinance or any permit issued thereunder.

(C). The CITY shall periodically (not less frequently than every three years) review the City ordinance and enact amendments as necessary to ensure the effective administration and operation of the Pretreatment Program. Should such review, or the EPA or Penna. DER, cause the CITY to modify its Pretreatment Program through amendment of its ordinance the MUNICIPALITY agrees to make similar, lawful and reasonable (as determined by MUNICIPAL Solicitor) amendments within 95 days of adoption by the CITY, and written notification by the CITY.

(D). MUNICIPALITY shall adopt, as part of its ordinance, and enforce specific discharge limits at least as stringent as the specific discharge limits established in the CITY ordinance. Where the CITY, based on a technical assessment of its treatment plant, or as required by EPA or PA DER, modifies the discharge limits, MUNICIPALITY shall adopt and enforce identical limits within 95 days of adoption by the CITY, and written notification by the CITY.

The CITY may make the final determination of whether a particular industrial user is an Industrial User based on information the CITY may obtain from MUNICIPALITY, Industrial User, or City's inspections.

(E). MUNICIPALITY shall file with the CITY a certified copy of its ordinance and any amendments thereto, other interjurisdictional agreements, and any contract entered into for the purposes of industrial waste control. MUNICIPALITY shall provide CITY access to, if requested, and copies of all 1) industrial monitoring reports, 2) 40 CFR 430.12 compliance reports, 3) self-monitoring reports, 4) baseline reports, 5) records of violations and actions taken, and 6) any other written records of monitoring or reporting conducted or maintained under requirements imposed by Federal, state, or local regulation. These records shall be maintained and be available to the City for at least three years.

(F). Any authorized officer or employee of the CITY may enter and inspect at any reasonable time any part of the sewer system of MUNICIPALITY. The right of entry and inspection shall extend to public streets, easements and property within which the system is located. Additionally, the CITY shall be permitted, as appropriate, to enter onto private property to inspect industrial waste dischargers. MUNICIPALITY shall make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection, sampling, testing, and access to, with the right to copy all pertinent compliance records located on the premises of the Industrial User.

(G). MUNICIPALITY herein agrees to provide the CITY with the legal authority for performance of technical and administrative activities necessary for implementation of a Pretreatment Program within MUNICIPALITY. These activities may include, among others: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analyses, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement support. Where pretreatment delegation occurs, CITY shall assess MUNICIPALITY the reasonable costs incurred by CITY in conjunction with the administration of the Pretreatment Program on behalf of MUNICIPALITY. CITY shall provide MUNICIPALITY with a detailed accounting of the pretreatment costs assessed MUNICIPALITY.

(H). MUNICIPALITY agrees to support and cooperate with CITY'S efforts to operate a Pretreatment Program in accordance with Federal and State regulation and to protect sewer operations, customers, and streams. MUNICIPALITY agrees to take all necessary legal actions as required for the operation and enforcement of the Pretreatment Program within the MUNICIPALITY'S sewer service area. After written notice and hearing, where violations and action needed is shown, if and only if MUNICIPALITY then fails to comply with the above provisions the MUNICIPALITY shall indemnify CITY against, and reimburse CITY on demand, for all damages, fines, and costs incurred as a result of unlawful industrial waste discharge from MUNICIPALITY. After notice and hearing set forth above, MUNICIPALITY if it shall not comply with this provision shall reimburse CITY for all fines and all costs arising from or related to such unlawful industrial discharges resulting directly or indirectly in injury to CITY personnel, damages to CITY facilities, disruption of treatment processes or operations, degradation of sludge quality, NPDES permit violations, and other air, water, and sludge quality violations.

(I). Where an unlawful industrial waste discharge to the wastewater treatment system reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater treatment system, CITY and MUNICIPALITY shall immediately initiate steps to identify the source of the discharge, and take all actions as may be reasonably necessary to halt or prevent any further discharge. For such purposes MUNICIPALITY shall seek injunctive relief against any party, and any industrial user creating or contributing to the emergency condition, and may concurrently pursue any self-help remedies available to the CITY.

(J). For the purposes of the Intermunicipal Sewer Agreement and this amendment and all subsequent amendments thereto, CITY shall mean and include the City of York and the York City Sewer Authority. It is expressly understood and agreed that the obligations of the York City Sewer Authority shall be as set forth in the Joinder hereto, but the benefits, indemnifications, and obligations of reimbursement for all damages, fines, and costs incurred as a result of unlawful industrial waste discharges shall inure to the benefit of the York City Sewer Authority, its successors and assigns. The Agreement, and all amendments thereto, shall be assignable to the York City Sewer Authority as owner of the Wastewater Treatment Facility and holder of NPDES Permit No. PA 0026263.

IN WITNESS WHEREOF, the parties have fully executed this
Amendment the day and year aforesaid.

ATTEST:

Miriam L. Day
City Clerk

CITY OF YORK

William J. Thomas
Mayor

John J. Peters
Controller

ATTEST:

J. J. Day

WEST MANCHESTER TOWNSHIP

Bessie Jacobs

J O I N D E R


YORK CITY SEWER AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), owner of the York City Wastewater Treatment Plant, and a party to all contracts for the expansion and upgrading of said plant, joins in the attached Agreement, and covenants and agrees to comply with all of the duties and obligations imposed upon it by any existing or future Lease or Trust Indenture and to comply with any orders, rules, or regulations of the Department of Environmental Resources of the Commonwealth of Pennsylvania or of the United States Environmental Protection Agency.

IN WITNESS WHEREOF, York City Sewer Authority has executed this Joinder on the day of

YORK CITY SEWER AUTHORITY

By 
Chairman

Attest:


Secretary

INTERMUNICIPAL AGREEMENT – AMENDMENT #4

This agreement made and entered into this _____ day of _____, 2003, between the City of York (hereinafter CITY), and West Manchester Township (hereinafter MUNICIPALITY):

WHEREAS, the CITY leases and operates a wastewater treatment system, owned by the York City Sewer Authority; and

WHEREAS, MUNICIPALITY currently utilizes this wastewater treatment system pursuant to the Intermunicipal Sewer Agreement between the CITY and MUNICIPALITY dated December 10, 1976; and Amendment #1 dated September 26, 1983; and Amendment #2 dated September 16, 1986; and Amendment #3 dated December 21, 1993; and

WHEREAS, MUNICIPALITY previously transferred 1,200,000 gallons per day of sewer conveyance and treatment capacity to York Township; and

WHEREAS, MUNICIPALITY is reducing its allotted flow to the wastewater treatment system by 44 Equivalent Dwelling Units (EDU); and

WHEREAS, one EDU equals 350 gallons per day; and

WHEREAS, the daily wastewater flow from the MUNICIPALITY would be reduced by 15,400 gallons per day.

In consideration of the following terms and conditions the CITY and MUNICIPALITY agree:

The following paragraphs shall replace Paragraphs 2 (a), (b), (c), (d), (e), (f), (g).

2. (a) Maximum of 4,291,000 gallons during any period of 24 consecutive hours.
- (b) Maximum average of 3,378,800 gallons per 24 hours during any period of seven consecutive days
- (c) Maximum flow at any instant of 5,960 gallons per minute.
- (d) Maximum of 10,380 pounds of biochemical oxygen demand per 24 consecutive hours.

- (e) Maximum average of 8,170 pounds of biochemical oxygen demand per 24 hours during any period of seven consecutive days.
- (f) Maximum of 7,340 pounds of suspended solids during any period of 24 consecutive hours.
- (g) Maximum average of 5,780 pounds of suspended solids per 24 hours during any periods of seven consecutive days.

IN WITNESS WHEREOF, the parties have fully executed this Amendment the day and year aforesaid,

ATTEST:

CITY OF YORK


City Clerk


Mayor


Controller

ATTEST:

WEST MANCHESTER TOWNSHIP





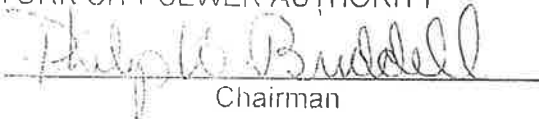
JOINDER

YORK CITY SEWER AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), owner of the York City Wastewater Treatment Plant, and a party to all contracts for the expansion and upgrading of said plant, joins in the attached Agreement, and covenants and agrees to comply with all of the duties and obligations imposed upon it by either the existing or future Lease or Trust Indenture and to comply with any orders, rules, or regulations of the Department of Environmental Protection of the Commonwealth of Pennsylvania or of the United States Environmental Protection Agency.


IN WITNESS WHEREOF, York City Sewer Authority has fully executed this Joinder on the 10th day of August, 2003.

YORK CITY SEWER AUTHORITY

By


Chairman

ATTEST


Secretary

INTERMUNICIPAL AGREEMENT - AMENDMENT #6

This agreement made and entered into this 9th day of April, 2004 between the City of York (hereinafter CITY), and West Manchester Township (hereinafter MUNICIPALITY):

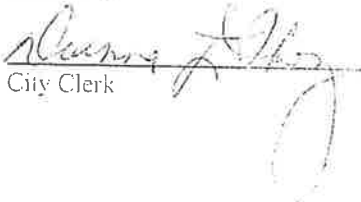
WHEREAS, the CITY leases and operates a wastewater treatment system owned by the York City Sewer Authority; and

WHEREAS, MUNICIPALITY currently utilizes this wastewater treatment system pursuant to the Intermunicipal Sewer Agreement ("Articles of Agreement") between the CITY and MUNICIPALITY dated December 10, 1976,

This agreement replaces Annex 1 of the Intermunicipal Sewer Agreement (last amended October 7, 2003) with Annex 1 dated April 27, 2004 that is attached and made a part hereto.

IN WITNESS WHEREOF, the parties have fully executed this Amendment the day and year aforesaid.

ATTEST:


City Clerk

CITY OF YORK


Mayor

Controller

ATTEST:



West Manchester Township



Revised April 27, 2004

Exhibit A

Annex 1 - Revised West Manchester Township Connections to the City of York Sanitary Sewer System		
Point No.	Description of Intermunicipal Connection	Nearest City MH Nos.
1	In Odeon Field 200 feet east of Richland Avenue north of Codorus Creek. The portion north of Manhole No. 71 in Richland Avenue 50 feet south of the intersection with Codorus Street will be metered by City of York Sewage Flow Meter WM02.	A68
2	In West Locust Street about 200 feet west of the intersection with Richland Avenue (not metered).	A76-1A
3	South of Willis Run, 400 feet west of Roosevelt Avenue intersection with Wood Street connection to York City Willis Run Interceptor (metered, tributary to City of York Sewage Flow Meter WM01).	B40A
4	Lateral connection to City of York Manhole in Marbrook Lane Extended about 650 feet west of Apple Way from a facility located at 1301 Kenneth Road.	B47-1C
5	Industrial facility located at the northwest corner of the intersection of Roosevelt Avenue and Fahs Street connected to City of York Manhole in Fahs Street (not metered, private lateral)	B38-11A
6	Industrial wastewater connection from industrial facility located at the northwest corner of the intersection of Roosevelt Avenue and Fahs Street, connected to City of York Roosevelt Avenue interceptor north of facility.	B48
7	Lateral connections from various properties located on the west side of Roosevelt Avenue between Conewago Avenue and Wood Street connected to City of York Sanitary Sewer in Roosevelt Avenue (not metered, private laterals).	B38-3 thru B38
8	Various properties located on the west side of Roosevelt Avenue connected to the City of York Sanitary Sewer System at the intersection of Roosevelt Avenue and Chanceford Avenue (not metered, 2 private laterals).	B38-4C
10	From the west side of Roosevelt Avenue approximately 200 feet north of US Route 30 (not metered).	B57
11	Lateral connection to City of York manhole in Marbrook Lane 200 feet west of Roosevelt Avenue from facility on southwest corner of Route 30 and Roosevelt Avenue.	B50A

Annex 1 - continued (9/3/03) West Manchester Township Connections to the City of York Sanitary Sewer System		
Point No.	Description of Intermunicipal Connection	Nearest City MH Nos.
12	Lateral connection from commercial facility at 1230 Roosevelt Avenue connected to the City of York Roosevelt Avenue interceptor 300 feet south of Marbrooke Lane west of facility's property (not metered, private line).	B49
13	Lateral connection from facility on southwest corner of Marbrooke Avenue and Roosevelt Avenue about 100 feet west of Roosevelt Avenue, south of Marbrooke Lane (not metered, private laterals).	B51:B50
14	Lateral connection from York Fairgrounds located at the intersection of Madison Avenue and Richland Avenue (not metered, private lateral)	76-10
15	Lateral connection from York Fairgrounds located in Madison Avenue between Richland Avenue and Snyder Alley (not metered, private lateral)	76-11:76-12

K:\058530431\documents\correspondence\Amendment #6 - City of York & WMT.wpd

JOINDER

YORK CITY SEWER AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), owner of the York City Wastewater Treatment Plant, and a party to all contracts for the expansion and upgrading of said plant, joins in the attached Agreement, and covenants and agrees to comply with all of the duties and obligations imposed upon it by either the existing or future Lease or Trust Indenture and to comply with any orders, rules, or regulations of the Department of Environmental Protection of the Commonwealth of Pennsylvania or of the United States Environmental Protection Agency.


IN WITNESS WHEREOF, York City Sewer Authority has fully executed this Joinder on the 21st day of July, 2004.

YORK CITY SEWER AUTHORITY

By


 Chairman

ATTEST


 Secretary

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Richard Shank
Borough Council President
North York Borough
350 E 6th Ave.
York, PA 17404

9171 9690 0935 0074 9851 94

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Mr. Shank:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice of: (i) the City's assignment of its interest in the December 10, 1976 Intermunicipal Agreement, as amended, ("IMA") between North York Borough ("Borough") and the City to PAWC upon Closing; and (ii) the Borough's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the Borough to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the Borough and any uncertainty regarding the rates to be charged by PAWC to the Borough upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

c: Walter A. Tilley, Solicitor
Stock and Leader
Susquehanna Commerce Center East
221 W. Philadelphia St. Ste. E600
York, PA 17401

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Lisa D. Wingert
Board of Supervisors Chairperson
Manchester Township
3200 Farmtrail Road
York, PA 17406-5699

9171 9690 0935 0074 9852 00

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Ms. Wingert:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice of: (i) the City's assignment of its interest in the December 9, 1976 Intermunicipal Agreement, as amended, ("IMA") between Manchester Township ("Township") and the City to PAWC upon Closing; and (ii) the Township's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the Township to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the Township and any uncertainty regarding the rates to be charged by PAWC to the Township upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

c: Larry Young
Solicitor
CGA Law Firm
135 N George St Ste 400
York, PA 17401

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Kelly K. Kelch
Township Manager
West Manchester Township
380 East Berlin Road
York, PA 17408

9171 9690 0935 0074 9852 17

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Mr. Kelch:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice of: (i) the City's assignment of its interest in the December 10, 1976 Intermunicipal Agreement, as amended, ("IMA") between West Manchester Township ("Township") and the City to PAWC upon Closing; and (ii) the Township's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the Township to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the Township and any uncertainty regarding the rates to be charged by PAWC to the Township upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

c: Andrew C. Herrold
Solicitor
Griest, Himes, Herrold, Reynosa, LLP
129 East Market St.
York, PA 17401

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Marcy L. Krum-Tinsley
Township Manager
Spring Garden Township
340 Tri Hill Road, Suite A
York, PA 17403

9171 9690 0935 0074 9852 24

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Ms. Krum-Tinsley:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice: of (i) the City's assignment of its interest in the December 8, 1976 Intermunicipal Agreement, as amended, ("IMA") between Spring Garden Township ("Township") and the City to PAWC upon Closing; and (ii) the Township's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the Township to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the Township and any uncertainty regarding the rates to be charged by PAWC to the Township upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayorc: Steven M. Hovis
Solicitor
Stock and Leader
Susquehanna Commerce Center East
221 W. Philadelphia St. Ste. E600
York, PA 17401

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



Exhibit BJJ-3

York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Mark Hodgkinson
Township Manager
Springettsbury Township
1501 Mount Zion Road
York, PA 17402
Mark.Hodgkinson@springettsbury.com

9171 9690 0935 0074 9852 31

RE: NOTICE OF ASSIGNMENT

Dear Mr. Hodgkinson:

This correspondence serves as official notice of assignment of the March 19, 2002 Intermunicipal Agreement ("IMA") between Springettsbury Township ("Township") and the City of York ("City") to the Pennsylvania-American Water Company ("PAWC"). The City and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with PAWC to sell the Authority's wastewater collection and treatment system, as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will assign its interest in the IMA to PAWC upon closing of the Transaction. The City encourages the Township to begin discussions with PAWC now regarding the future of the IMA.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

c: Charles R. Rausch,
Township Solicitor
Blakey, Yost, Bupp & Rausch, LLP
17 E. Market Street
York, PA 17401

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



Exhibit BJG-3

York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Gary Milbrand
Township Manager
York Township
190 Oak Road,
Dallastown, PA 17313

9171 9690 0935 0074 9852 48

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Mr. Milbrand:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice of: (i) the City's assignment of its interest in the December 10, 1976 Intermunicipal Agreement, as amended, ("IMA") between York Township ("Township") and the City to PAWC upon Closing; and (ii) the Township's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the Township to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the Township and any uncertainty regarding the rates to be charged by PAWC to the Township upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

c: Steven M. Hovis, Solicitor
Stock and Leader
Susquehanna Commerce Center East
221 W. Philadelphia St. Ste. E600
York, PA 17401

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Jeffrey R. Hines
President and CEO
The York Water Company
130 East Market Street
York, PA 17404

9171 9690 0935 0074 9852 55

John M. Longstreet
Assistant Superintendent – Wastewater Service
The York Water Company
130 East Market Street
York, PA 17404

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Mr. Hines and Mr. Longstreet:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice of: (i) the City's assignment of its interest in the December 13, 1976 Intermunicipal Agreement, as amended, ("IMA") between West York Borough ("Borough") and the City (and subsequently assigned by the Borough to the York Water Company) to PAWC upon Closing; and (ii) the York Water Company's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the York Water Company to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the York Water Company and any uncertainty regarding the rates to be charged by PAWC to the York Water Company upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

**The City of York
Pennsylvania**

The Honorable Michael R. Helfrich, Mayor



York City Hall

101 South George Street
York, PA 17401
www.yorkcity.org

May 17, 2021

Jeffrey R. Hines
President and CEO
The York Water Company
130 East Market Street
York, PA 17404

9171 9690 0935 0074 9852 62

John M. Longstreet
Assistant Superintendent – Wastewater Service
The York Water Company
130 East Market Street
York, PA 17404

RE: NOTICE OF ASSIGNMENT AND DUTY TO RENEGOTIATE

Dear Mr. Hines and Mr. Longstreet:

The City of York ("City") and the York City Sewer Authority ("Authority") have entered into an Asset Purchase Agreement with Pennsylvania-American Water Company ("PAWC") to sell the Authority's wastewater collection and treatment system ("System"), as operated by the City, to PAWC ("Transaction"). As part of the Transaction, the City will, upon closing of the Transaction ("Closing"), cause the retirement of bonds and the redemption or defeasance by the Authority of all debt obligations outstanding that are secured by the System ("Debt Retirement").

This correspondence serves as official notice of: (i) the City's assignment of its interest in the December 13, 1976 Intermunicipal Agreement, as amended, ("IMA") between West York Borough ("Borough") and the City (and subsequently assigned by the Borough to the York Water Company) to PAWC upon Closing; and (ii) the York Water Company's contractual duty under Section 12 of the IMA to renegotiate a new bulk collection and treatment agreement with PAWC because of the Debt Retirement. The City strongly encourages the York Water Company to immediately commence renegotiations of the IMA with PAWC, as assignee of the City, in order to avoid any potential gap in the bulk collection and treatment service provided to the York Water Company and any uncertainty regarding the rates to be charged by PAWC to the York Water Company upon Closing.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Helfrich".

Michael R. Helfrich
Mayor

Council of the City of York, PA
Session 2021
Bill No. 15
Ordinance No. 15

INTRODUCED BY: Lou Rivera

DATE: May 19, 2021

AN ORDINANCE

AMENDING ARTICLE 933 “SEWER RENTALS” OF THE YORK CITY CODIFIED ORDINANCES
TO IMPLEMENT ALTERNATIVE SEWER FEES APPLICABLE TO WHOLESALE CUSTOMERS
WITHOUT A CURRENTLY EFFECTIVE SEWER SERVICE AGREEMENT.

WHEREAS, Article 933 of the York City Codified Ordinances provides monthly sewer fees for all persons owning property connected to the sewer system and served with metered water service by the Water Company.

WHEREAS, wholesale customers additionally receive sewer services through intermunicipal sewer service agreements with the City of York, York County, Pennsylvania (the “City”); and

WHEREAS, it has been determined that alternatives rates shall be established to allow for continued sewer service to a wholesale customer in the event an intermunicipal sewer service agreement has lapsed or is otherwise no longer effective.

NOW, THEREFORE BE IT ORDAINED, by the Council of the City of York, Pennsylvania, that Article 933 “Sewer Rentals” of the York City Codified Ordinances is hereby amended as follows:

Section 1. That Article 933.03 “Annual Sanitary Sewer Rates” of the York City Codified Ordinances is amended as follows:

933.03 ANNUAL SANITARY SEWER RATES

Rates for Domestic and Commercial Metered Water Users. All persons owning property used for domestic or commercial purposes which property is connected to the sewer system and served with metered water service by the Water Company shall pay a monthly rental for sanitary sewage service based on quantity of water used as evidenced by meter readings of water meters installed and maintained by the Water Company for the purpose of measuring water purchased from such Water Company and such other meters as may be installed pursuant to the provisions of this article, and subject to the minimum charges hereinafter provided as follows:

(a) Monthly quantity charge,

For each 1000 gallons per month: \$9.37

(b) Minimum charge. All domestic and commercial users shall pay a minimum charge of \$18.00 per month which shall entitle users to 1920 gallons per month sewer service.

Exhibit BJB-4

- (c) Rates for Wholesale Customers Without a Currently Effective Intermunicipal Sewer Service Agreement. All customers connected to the sewer system and receiving wholesale treatment and conveyance sewer service during any period during which an intermunicipal sewer service agreement is not currently effective shall be subject to the following charges and conditions:

Usage Charge per 1,000 gallons:

<u>Manchester Borough</u>	<u>\$3.5850</u>
<u>North York Borough</u>	<u>\$4.3060</u>
<u>Spring Garden Township</u>	<u>\$3.8130</u>
<u>Springettsbury Township</u>	<u>\$2.6680</u>
<u>West Manchester Township</u>	<u>\$4.1420</u>
<u>West York Borough/The York Water Company</u>	<u>\$3.1180</u>
<u>York Township</u>	<u>\$3.9520</u>

- (d) Wholesale wastewater treatment in the York Wastewater Treatment Plant is subject to the following conditions:

1. Additional capacity beyond that identified in this section, if available, shall be determined by a contract between the City and the wholesale customer.
2. Fines levied upon the City caused by flow or water quality parameter exceedances shall be charged to the creating wholesale customer.
3. Unless otherwise provided for in a valid intermunicipal sewer service agreement between the City and the wholesale sewer customer, capacity in the York wastewater treatment plant is allocated and limited as follows:

<u>Description</u>	<u>Manchester Township</u>	<u>North York Borough</u>	<u>Spring Garden Township</u>	<u>Springetts-bury Township</u>	<u>West Manchester Township</u>	<u>West York Borough/ York Water Company</u>	<u>York Township</u>
<u>Max gallons over 24 hrs</u>	<u>3,092,100</u>	<u>674,600</u>	<u>3,821,400</u>	<u>6,500,000*</u>	<u>4,291,000</u>	<u>1,524,600</u>	<u>4,268,742</u>
<u>Max avg gallons per 24 hrs /7 consecutive days</u>	<u>2,434,900</u>	<u>531,200</u>	<u>3,011,500</u>	<u>4,800,000*</u>	<u>3,378,800</u>	<u>1,200,500</u>	<u>3,363,000</u>
<u>Max flow GPM</u>	<u>4,226</u>	<u>940</u>	<u>5,222</u>	<u>--</u>	<u>5,960</u>	<u>2,084</u>	<u>5,834</u>
<u>Max BOD - over 24 hrs (lbs)</u>	<u>7,479</u>	<u>1,630</u>	<u>9,250</u>	<u>11,609</u>	<u>10,380</u>	<u>2,795</u>	<u>10,328</u>
<u>Max avg BOD per 24hrs/ 7 consecutive days</u>	<u>5,889</u>	<u>1,285</u>	<u>7,284</u>	<u>--</u>	<u>8,170</u>	<u>2,204</u>	<u>8,133</u>
<u>Max TSS - over 24 hrs (lbs)</u>	<u>5,287</u>	<u>1,150</u>	<u>6,539</u>	<u>8,207</u>	<u>7,340</u>	<u>2,476</u>	<u>7,301</u>
<u>Max avg TSS per 24hrs/ 7 consecutive days</u>	<u>4,163</u>	<u>910</u>	<u>5,149</u>	<u>--</u>	<u>5,780</u>	<u>1,954</u>	<u>5,750</u>
<u>Max Ammonia Nitrogen - over 24 hrs (lbs)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>600</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Max Total Phosphorus - over 24 hrs (lbs)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>280</u>	<u>--</u>	<u>--</u>	<u>--</u>

"GPM" means "Gallons Per Minute."

"TSS" means "Total Suspended Solids."

"BOD" means "Biological Oxygen Demand."

*Springettsbury Township allocations include 800,000 gallons from the York Township allocations.

Section 2. This Ordinance shall take effect immediately.

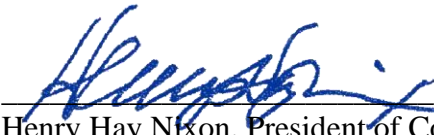
PASSED FINALLY: June 1, 2021

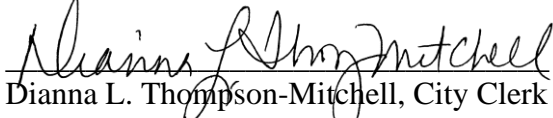
BY THE FOLLOWING VOTE:

YEAS: Rivera, Ritter-Dickson, Walker, Nixon - 4, _____

NAYS: Washington - 1

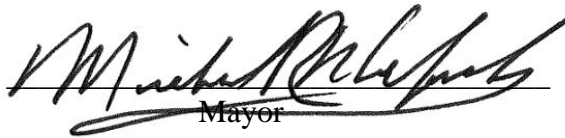
ATTEST:


Henry Hay Nixon, President of Council


Dianna L. Thompson-Mitchell, City Clerk

Presented to the Mayor for approval this 1st day of June 2021

Approved:


Mayor

6/1/21

Date

Vetoed:

Mayor

Date

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