



Thomas J. Sniscak  
(717) 236-1300 x224  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)

Whitney E. Snyder  
(717) 236-1300 x260  
[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)

Bryce R. Beard  
(717) 236-1300 x248  
[brbeard@hmslegal.com](mailto:brbeard@hmslegal.com)

---

100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 [www.hmslegal.com](http://www.hmslegal.com)

July 7, 2021

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor (filing room)  
Harrisburg, PA 17120

In Re: Application of Columbia Water Company Pursuant to Sections 1102 of the Public Utility Code For: Approval Of the Acquisition Of the Water System Of East Donegal Township Municipal Authority; Approval Of The Right For Columbia Water Company To Offer, Render Furnish And Supply Water Service To The Public In Portions Of East Donegal Township, Lancaster County; Registration Of A Securities Certificate; And all Other Approvals Or Certificates Appropriate, Customary Or Necessary Under The Public Utility Code To Carry Out The Transactions Described In The Application; Request For Certificates Of Filing For Contracts Between Columbia Water Company And East Donegal Township Municipal Authority, Pursuant To Section 507 Of The Public Utility Code; Docket No. A-2021-\_\_\_\_\_; S-2021-\_\_\_\_\_; **APPLICATION - PUBLIC**

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission (“Commission”) is the Application of Columbia Water Company with accompanying Appendices. The filing fee has been paid electronically with the filing.

Columbia Water notes that Appendix 1 contains various contracts with East Donegal Township Municipal Authority for which Columbia Water seeks a certificate of filing pursuant to 66 Pa. C.S. § 507.

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
July 7, 2021  
Page 2

Pursuant to 66 Pa. C.S. Chapter 19, Columbia Water seeks registration of the Securities Certificate (with accompany data responses) contained in Appendix 2. Columbia Water requests the Securities Certificate be issued concurrent with the grant of the Application and waives the 30-day timeframe in the Public Utility Code.

Appendix 1 contains two pages that are redacted maps which are Confidential Security Information. Columbia Water will file these maps under separate cover.

Copies have been served as indicated on the attached Certificate of Service.

Respectfully submitted,

*/s/ Whitney E. Snyder*

Thomas J. Sniscak  
Whitney E. Snyder  
Bryce R. Beard

*Counsel for Columbia Water Company*

WES/das  
Enclosures

cc: David Lewis  
Michael Davis ([mdavis@barley.com](mailto:mdavis@barley.com))  
Daniel Desmond ([ddesmond@barley.com](mailto:ddesmond@barley.com))  
Sean Donnelly([SDONNELLY@pa.gov](mailto:SDONNELLY@pa.gov))  
David Huff ([dhuff@pa.gov](mailto:dhuff@pa.gov))  
Patricia Wiedt ([pwiedt@pa.gov](mailto:pwiedt@pa.gov))

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

### VIA EMAIL ONLY

Christine Maloni Hoover  
Acting Interim Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
[choover@paoca.org](mailto:choover@paoca.org)

Richard Kanaskie, Esq.  
Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
[rkanaskie@pa.gov](mailto:rkanaskie@pa.gov)

Steven C. Gray  
Acting Small Business Advocate  
Commonwealth of Pennsylvania  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101  
[sgray@pa.gov](mailto:sgray@pa.gov)

*/s/ Whitney E. Snyder* \_\_\_\_\_

Thomas J. Sniscak  
Whitney E. Snyder  
Bryce R. Beard

Dated: July 7, 2021

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application Of Columbia Water :  
Company Pursuant To Sections 1102 : Docket No. A-2021-\_\_\_\_\_  
Of The Public Utility Code For: :  
: :  
Approval Of The Acquisition Of The Water :  
System Of East Donegal Township Municipal :  
Authority; :  
: :  
Approval Of The Right For Columbia Water :  
Company To Offer, Render, Furnish And :  
Supply Water Service To The Public In :  
Portions Of East Donegal Township, :  
Lancaster County; :  
: :  
Registration of A Securities Certificate; And : Docket No. S-2021-\_\_\_\_\_  
: :  
All Other Approvals Or Certificates :  
Appropriate, Customary Or Necessary Under :  
The Public Utility Code To Carry Out The :  
Transactions Described In The Application. :  
: :  
Request For Certificates Of Filing For :  
Contracts Between Columbia Water :  
Company and East Donegal Township :  
Municipal Authority, Pursuant To Section :  
507 Of The Public Utility Code :

**APPLICATION**

**I. INTRODUCTION**

By this Application,<sup>1</sup> Columbia Water Company (Columbia Water or Applicant) pursuant to Sections 1102 and 1103 of the Public Utility Code, 66 Pa. C.S. §§ 1102 and 1103, seeks the Pennsylvania Public Utility Commission's (Commission): 1) approval of Columbia Water's

---

<sup>1</sup> All appendices or documents referenced herein are incorporated as part of this Application.

acquisition of the water system of East Donegal Township Municipal Authority (Authority); 2) approval of the right for Columbia Water company to offer, render, furnish and supply water service to the public in portions of East Donegal township, Lancaster County; 3) registration of a securities certificate; and 4) all other approvals or certificates appropriate, customary or necessary under the public utility code to carry out the transactions described in the application.

Columbia Water further requests, pursuant to 66 Pa. C.S. § 507, the issuance of Certificates of Filing or approvals for the following agreements between Columbia Water and the Authority:

- a. Water Production and Distribution System Sale And Purchase Agreement By and Among the Authority, as Seller, and Columbia Water, as Buyer, dated May 7, 2021;
- b. Promissory Note By and Among the Authority, as Seller, and Columbia Water, as Buyer;
- c. Mortgage and Security Agreement By and Among the Authority, as Mortgagee, and Columbia Water, as Mortgager; and
- d. Assignment of Assigned Lease By and Among the Authority, as Assignor, and Columbia Water, as Assignee.

## **II. THE PARTIES**

1. The complete name and address of the Applicant is:

Columbia Water Company  
220 Locust Street  
P.O. Box 350  
Columbia, PA 17512

2. The names, address and telephone number of the attorneys for Columbia Water are:

Thomas J. Sniscak  
Whitney E. Snyder  
Bryce R. Beard  
Hawke McKeon & Sniscak: LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
E-mail: [tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)  
[brbeard@hmslegal.com](mailto:brbeard@hmslegal.com)  
Phone: (717) 236-1300  
Fax: (717) 236-4841

3. The complete name and address of the Authority is:

East Donegal Township Municipal Authority  
117 S. River Road  
P.O. Box 82  
Maytown, PA 17550

4. The name, address and telephone number of the attorneys for East Donegal Township Municipal Authority are:

Michael W. Davis  
Daniel T. Desmond  
Barley Snyder  
126 East King Street  
Lancaster, PA 17602

5. Columbia Water is a Pennsylvania corporation and a public utility within the meaning of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 101 et seq. ("Code"), and provides water service pursuant to its tariff to or for the public for compensation in the boroughs of Columbia, Marietta and Mountville, and in portions of the townships of Manor, East Donegal, West Hempfield and Rapho, all in Lancaster County, Pennsylvania and portions of Hellam Township in York County, Pennsylvania. As of March 31, 2021, Columbia Water provides service to approximately 10,528 customers by class:

Residential	9,826
Commercial	504
Industrial	37
Public	41
Other (Fire)	120
Total	10,528

6. East Donegal Township Municipal Authority is a body corporate and politic, organized under the Pennsylvania Municipal Authorities Act. The Authority maintains and operates a water production and distribution system in East Donegal Township, Lancaster County, Pennsylvania. A copy of a map showing the Authority's service territory is attached as "**Appendix 10**" hereto. As of March 31, 2021 the Authority provides service to approximately 1,556 customers by class:

Residential	1,529
Commercial	20
Industrial	1
Other	6
Total	1,556

### III. THE TRANSACTIONS

7. "**Appendix 1**" hereto is a copy of the Water Production and Distribution System Sale and Purchase Agreement ("Agreement") between Columbia Water and the Authority with exhibits and schedules, including the Promissory Note, Mortgage and Security Agreement, and Assignment of Assigned Lease. The Agreement calls for Columbia Water to pay the Authority a negotiated purchase price ("Purchase Price") of \$2,500,00.00 for the latter's assets used and useful in the operation of the water system and rights as described in the Agreement.

8. Columbia Water will finance the acquisition by a combination of a \$2,250,000 promissory note to seller and monies from its general fund. By this filing, Columbia Water also seeks approval of Securities Certificate for the Promissory Note and Mortgage and Security

Agreement located in **Appendix 1, Exhibits B and C**, under Chapter 19 of the Public Utility Code, the necessary details appearing in "**Appendix 2**" hereto.

9. "**Appendix 3**" hereto contains a statement of the used or useful utility property of the Authority to be transferred including both the original cost and accrued depreciation by principal account, and the income statement for the Authority for the twelve months ended December 31, 2020.

10. The Agreement has been approved by the Board of Directors of Columbia Water. "**Appendix 4**" hereto is a true and correct copy of the adopted resolution of the Board of Directors of Columbia Water.

11. The Agreement has been approved by the Authority. "**Appendix 5**" hereto is a true and correct copy of the adopted approving resolution of the Authority.

12. It is anticipated that the transaction contemplated in this Application will close prior to December 31, 2021.

#### **IV. OTHER REGULATORY APPROVALS**

13. In addition to approval by this Commission, Applicant will seek any necessary approvals to transfer permits or rights from the Department of Environmental Protection.

#### **V. STANDARDS FOR APPROVAL**

14. The Commission is required to issue a certificate of public convenience upon finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience or safety of public." 66 Pa.C.S § 1103(a).

15. In *City of York v. Pa. P.U.C.*, 449 Pa. 136, 295 A.2d 825 (1972) ("*City of York*"), the Pennsylvania Supreme Court articulated the legal standard for approval of public utility mergers and acquisitions known as the public benefits test:



[A] certificate of public convenience approving a merger is not to be granted unless the Commission is able to find affirmatively that public benefit will result from the merger . . . . [T]hose seeking approval of a utility merger [are required] to demonstrate more than the mere absence of any adverse effect upon the public . . . . [T]he proponents of a merger [are required to] demonstrate that the merger will affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.

16. In *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (2007) (MCI/Verizon Merger), the Pennsylvania Supreme Court interpreted the Public Utility Code and the *City of York* standard as satisfied by a simple preponderance of benefits, which every customer is not required to receive, and that such burden can be shown by the likelihood or probability of public benefits that need not be specifically quantified or guaranteed.

## VI. FITNESS OF COLUMBIA WATER

17. As a previously certificated public utility, Columbia Water's fitness is presumed by law to be continuing.<sup>2</sup> Columbia Water has been operating as a public utility water supplier since 1823 and has a long history of requisite legal, technical and financial resources to provide service to the Authority's customers and service territory. In particular, Columbia Water's consumer statistics, as compiled by the Commission's Bureau of Consumer Services, consistently rank equal to or better than other Class A water companies.

18. **"Appendix "6"** hereto is the balance sheet of Columbia Water for the twelve months ended March 31, 2021.

19. **"Appendix "7"** hereto is a *pro forma* balance sheet of Columbia Water for the twelve months ended December 31, 2022.

---

<sup>2</sup> *South Hills Movers, Inc. v. Pennsylvania Pub. Util. Comm 'n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992).

20. **"Appendix "8"** hereto is the income statement of Columbia Water for the twelve months ended March 31, 2021.

21. **"Appendix "9"** hereto is a *pro forma* income statement of Columbia Water for the twelve months ended December 31, 2022.

## **VII. EFFECT OF THE PROPOSED TRANSFER ON SERVICE**

22. The sale and transfer of assets used and useful in the operation of the water system and rights from the Authority to Columbia Water will have no adverse effect on the Authority's customers and over time will affirmatively benefit service by being part of a larger immediately neighboring and regionalized public water system owned and operated by Columbia Water. As discussed below, this Commission has endorsed regionalization. The transaction will largely be seamless to customers. Customers will continue to be billed on the same billing cycle however their bill will be from Columbia Water. Customers will also now have the option to pay their bills electronically, by phone or go paperless, which service the Authority does not currently provide.

## **VIII. EFFECT OF THE PROPOSED TRANSFER ON RATES**

23. No rate changes are proposed under the transactions for either Columbia Water or the Authority. Existing rates for Authority customers and Columbia Water systems will remain in effect and as amended from time to time in accordance with law. After approval of this Application, Columbia Water will make a ministerial non-rate tariff filing with the Commission to revise the Columbia Water's tariff to reflect service to Authority customers at the same rates currently in place for those customers.

## **IX. MISCELLANEOUS**

24. All general and special assessments of Columbia Water have been paid.

25. All of Columbia Water's annual reports, tariffs, certificates of public convenience, securities certificates, affiliated interest agreements and other regulatory reports or approvals are incorporated herein by reference.

**X. THE PROPOSED TRANSFERS AND TRANSACTIONS ARE IN THE PUBLIC INTEREST**

26. The transaction will result in a smaller authority and public water system being combined with a larger public water utility, which will benefit the customers of both water systems through financial, managerial and operational efficiencies which may be realized over time. The customers of the combined system benefit from efficiencies typically realized due to increased scope and economies of scale of operations. The Authority currently has no full-time employees and must depend on third party operators who have expressed their intent to retire. Authority customers will benefit from the technical fitness of Columbia Water company and its excellent service track record.

27. The transaction is consistent with the Commission's long-standing policy supporting the consolidation and regionalization of water systems. Through consolidation and regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale, and the resulting greater environmental and economic benefits. The Commission has previously stated that "acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry." *Final Policy Statement on Acquisitions of Water and Wastewater Systems*, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006). The benefits of consolidation and regionalization ultimately inure to customers, both existing and acquired.

28. Customers will now have access to modern payment methods to pay their bills, including the ability to make online payments, pay by phone, pay by mobile devices and view their bill online or go completely paperless.

WHEREFORE, for all the foregoing reasons, Columbia Water requests that the Pennsylvania Public Utility Commission approve Columbia Water's acquisition of the water system of East Donegal Township Municipal Authority; approve the right for Columbia Water company to offer, render, furnish and supply water service to the public in portions of East Donegal township, Lancaster County; register the securities certificate in Appendix 2; and grant all other approvals or certificates appropriate, customary or necessary under the public utility code to carry out the transactions described in the application.

Columbia Water further requests, pursuant to 66 Pa. C.S. § 507, the issuance of Certificates of Filing or approvals for the following agreements between Columbia Water and the Authority located in Appendix 1, Exhibits A, B, and C:

- a. Water Production and Distribution System Sale And Purchase Agreement By and Among the Authority, as Seller, and Columbia Water, as Buyer, dated May 7, 2021;
- b. Promissory Note By and Among the Authority, as Seller, and Columbia Water, as Buyer;
- c. Mortgage and Security Agreement By and Among the Authority, as Mortgagee, and Columbia Water, as Mortgager; and
- d. Assignment of Assigned Lease By and Among the Authority, as Assignor, and Columbia Water, as Assignee.

Respectfully submitted,

/s/ Whitney E. Snyder

Thomas J. Sniscak  
Whitney E. Snyder  
Bryce R. Beard  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
Phone: 717-236-1300  
Fax: 717-236-4841  
E-mail: [tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)  
[brbeard@hmslegal.com](mailto:brbeard@hmslegal.com)

*Attorneys for Columbia Water Company*

Date: July 7, 2021

## APPENDICES

<b>Appendix 1</b>	<p style="text-align: center;">Water Production and Distribution System Sale and Purchase Agreement ("Agreement") between Columbia Water and the Authority, dated May 7, 2021, with attachments, including:</p> <p>Exhibit A Map of System  Exhibit B Promissory Note of Buyer  Exhibit C Mortgage and Security Agreement  Exhibit D Assignment of Assigned Lease  Schedule 1(a)(iv) Assumed Contracts  Schedule 2(a)(i) Equipment  Schedule 2(a)(iii) Easements and Rights of Way  Schedule 2(a)(iv) Real Estate  Schedule 2(e) Retained Assets  Schedule 4(l) All Contracts  Schedule 4(p) Lead and Asbestos Disclosure  Schedule 10(c) Allocation of Purchase Price</p>
<b>Appendix 2</b>	Securities Certificates
<b>Appendix 3</b>	Statement of the used or useful utility property of the Authority to be transferred including both the original cost and accrued depreciation by principal account, and the income statement for the company for the twelve months ended December 31, 2020.
<b>Appendix 4</b>	Resolution of the Board of Directors of Columbia Water
<b>Appendix 5</b>	Resolution of East Donegal Township Municipal Authority
<b>Appendix 6</b>	Balance sheet of Columbia Water for the twelve months ended March 31, 2021
<b>Appendix 7</b>	<i>Pro Forma</i> Balance sheet of Columbia Water
<b>Appendix 8</b>	Income statement of Columbia Water for the twelve months ended March 31, 2021.
<b>Appendix 9</b>	<i>Pro Forma</i> Income statement of Columbia Water
<b>Appendix 10</b>	Territory Map

# APPENDIX 1

**WATER PRODUCTION AND DISTRIBUTION SYSTEM  
SALE AND PURCHASE AGREEMENT**

This Water Production and Distribution System Sale and Purchase Agreement (this “Agreement”) has been entered into as of May 7, 2021, by and between EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY, a Pennsylvania municipal authority (“Seller”) having an address at 117 South River Road, P.O. Box 82, Maytown, PA 17550, and COLUMBIA WATER COMPANY, a Pennsylvania corporation (“Buyer”) having an address at 220 Locust Street, Columbia, PA 17512.

Background

A. Seller owns, maintains and operates a water production and distribution system in East Donegal Township, Lancaster County, Pennsylvania.

B. Seller has agreed to sell, and Buyer has agreed to purchase, assets of Seller that are used and useful in the operation of the water production and distribution system described and depicted in the maps provided by Seller to Buyer identified in Exhibit A; said maps being incorporated by reference herein (the “System”). Buyer intends to maintain and operate the System being purchased pursuant to this Agreement for the provision of water in and about the Seller’s Service Area being served by the System.

Agreement

NOW THEREFORE, in order to set forth their agreements with respect to the transaction described in the preceding paragraphs (which are incorporated into and made a part of this Agreement), Seller and Buyer, intending to be legally bound, hereby agree as follows:

1. (a) Definitions. Each of the following terms used in this Agreement shall have the meaning as set forth below:

(i) “Agreement” means this Water Production and Distribution System Sale and Purchase Agreement.

(ii) “Asset” or “Assets” means the System and the specifically identified assets of the Seller that pertain to the System as set forth in Section 2(a) but excluding the Retained Assets.

(iii) “Assigned Lease” means the assignment of the lease between Seller and East Donegal Township for the property located at 190 Rock Point Road which is being assigned to Buyer.



(iv) “Assumed Contracts” means only those contracts listed in Section 2(a)(ix) or on Schedule 1(a)(iv).

(v) “Buyer” means Columbia Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

(vi) “Closing” means closing for purchase of the Assets as more fully set forth in Section 2(f).

(vii) “DEP” means the Pennsylvania Department of Environmental Protection.

(viii) “EPA” means the Federal Environmental Protection Agency.

(ix) “Equipment” means the property and equipment identified on Schedule 2(a)(i).

(x) “PUC” means the Pennsylvania Public Utility Commission.

(xi) “Purchase Price” has the meaning set forth in Section 2(b).

(xii) “Real Estate” means all real estate owned by Seller.

(xiii) “Retained Assets” means the Seller’s cash or cash equivalents, Accounts Receivable, and other items listed in Section 2(e).

(xiv) “Rights of Way” has the meaning set forth in Schedule 2(a)(iii).

(xv) “Schedule” means a schedule to this Agreement.

(xvi) “Seller” means East Donegal Township Municipal Authority, a Pennsylvania municipal authority.

(xvii) “Seller’s Service Area” means the geographical areas where Seller provides or could provide public water service and includes East Donegal Township in Lancaster County, Pennsylvania.

(xvii) “System” means the Seller’s water production and distribution system being purchased and sold pursuant to this Agreement as set forth on Exhibit A hereto. The System includes the Seller’s Service Area, the Real Estate, and all wells, springs, booster stations, interconnections, treatment facilities, storage tanks, buildings, easements, water

mains, service lines, lines in ground, pipes, connectors, fire hydrants, meters, and appurtenances thereto.

2. Purchase and Sale of System and Assets; Closing

(a) Sale of System and Assets. Seller agrees to sell or assign to Buyer and Buyer agrees to purchase or accept from Seller, in accordance with and pursuant to all of the terms and conditions of this Agreement, the System and the Assets existing at Closing as described below:

(i) The property and equipment described on Schedule 2(a)(i) plus any supplies and spare parts or additional equipment purchased prior to Closing by Seller in the ordinary course of business and with preapproval of Buyer for all purchases in excess of \$5,000.00 or any series of purchases amounting to \$5,000.00 (the "Equipment");

(ii) All customer files, payment history, lists, and records regarding delivery of services in the areas of the System being acquired hereby, including, without limitation, the history of use for the year ending with the date of Closing and all customer history up to and including the date of Closing;

(iii) All easements and rights of way, known and unknown, written and unwritten, recorded and unrecorded (all of the foregoing are hereinafter referred to as "Rights Of Way") including without limitation the recorded Rights of Way (the "Recorded Rights Of Way") described on Schedule 2(a)(iii), and other appurtenances owned or acquired by the Seller; Rights of Way not of public record and unknown Rights of Way are hereinafter referred to as the "Unrecorded Rights of Way";

(iv) The real estate ("Real Estate") identified on Schedule 2(a)(iv) used and useful in operation of the System;

(v) All of Seller's rights to provide water service to residents, property owners and customers in the Seller's Service Area and to operate a water system within the Seller's Service Area, to the extent assignable;

(vi) All of Seller's customers and customer accounts, provided that Seller shall be entitled to payments received by Buyer for services rendered by Seller prior to the day of Closing as provided in Sections 2(d)-(e). After Closing, and subject to Sections 2(e) Buyer is entitled to all customer payments sent and received for water service provided by Buyer on or after the Closing Date.

(vii) All deposits (including but not limited to security deposits), escrows, letters of credit, and other funds or security held by Seller in connection with the

construction, installation, modification, and/or removal of improvements related to or required for the provision of public water to existing or proposed site developments;

(viii) All of Seller's rights to receive future reimbursement and contributions in aid of construction for the System from builders and developers within the Seller's Service Area;

(ix) All of Seller's rights in and to the "Assumed Contracts", which shall include only the (A) Waste Water Agreement by and between Seller and the East Donegal Sewer Authority dated May 21, 1990 ("Wastewater Agreement"), (B) Site License Agreement by and between D&E/Omnipoint Wireless Joint Venture, L.P. dated September 14, 1999, and (C) contracts set forth on Schedule 1(a)(iv).

**Except for the representations and warranties set forth in Section 4 of this Agreement and subject to the indemnification in Section 11(c), the System and Assets are being sold, transferred, and conveyed on an "as is, where is" basis, and Seller makes no warranty, express or implied with respect to the System or Assets, including without limitation, warranties of merchantability, fitness for a particular purpose and warranties as to operation of the System and Assets after Closing.**

(b) Purchase Price. The purchase price for the System and Assets (the "Purchase Price") shall be **Two Million Five Hundred Thousand Dollars (\$2,500,000)**, provided that the Purchase Price shall be subject to adjustment at the Closing as follows:

(i) increased by the amount of any prepaid liabilities, including but not limited to taxes and assessments, the benefit of which will accrue to Buyer;

(ii) increased by the amount of the cost to Seller for the total volume of chlorine, salt, hydrochloric acid, propane, and fuel oil in inventory at the time of Closing and for any additional equipment purchased by Seller pursuant to Section 2(a)(i);

(iii) increased by the actual cost to Seller to fix any major deficiencies noted by the Buyer in the Condition Assessment prepared by Bucharth Horn dated August 2020 ("Condition Assessment") which might be required for Closing and which have been approved in writing in advance by the Buyer; and

(iv) increased pursuant to Section 2(c)(iii).

The Parties hereto acknowledge that no adjustment will be made to the Purchase Price for connection or tapping fees paid to the Seller prior to Closing for water permits, even if the customer or property has not been connected to the System by the time of Closing. The Buyer shall honor such pre-paid permits, and shall not charge any additional fee to such customers for connecting to the System after Closing.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(c) Payment of Purchase Price. The Purchase Price, as adjusted pursuant to Section 2(b), shall be paid at Closing to or for the benefit of Seller as follows:

(i) A deposit in the amount of Fifty Thousand Dollars (\$50,000.00) made contemporaneously with the execution of this Agreement (the "Deposit"). The Deposit shall be refundable (i) at any point before the date one hundred eighty (180) days after the date of this Agreement, after which point it shall be nonrefundable, or (ii) if this Agreement is terminated by the Seller and Buyer pursuant to Section 13(a)(i) or by Buyer pursuant to Sections 13(a)(iii)-(iv). Otherwise, the Deposit shall be nonrefundable.

(ii) Delivery to Seller of Buyer's 3.0% seven-year promissory note in the amount of \$2,250,000.00 in the form of Exhibit B hereto (the "Note");

(iii) If Seller has to expend funds prior to Closing to address any of these four (4) deficiencies identified in the Condition Assessment (i.e. (1) Painting of the 0.5 MG finished water tank, (2) Resin replacement and repair of the treatment units in the nitrate plant, (3) Re-permitting and upgrade of the Spring, and (4) Meter replacement), the Purchase Price shall increase by the documented amount of those expenditures by Seller; and

(iv) the balance, as may be adjusted pursuant to Section 2(b) (expected to be \$200,000.00) by wire transfer to an account specified by Seller on or before Closing (the "Cash Balance").

The Note shall be secured by a Mortgage and Security Agreement (the "Mortgage and Security Agreement") granted from Buyer to Seller securing the Real Estate and placing a lien on the Assets and revenues of the System in the form of Exhibit C attached hereto.

(d) Liabilities.

(i) Except for the Assumed Liabilities (as defined below), Buyer is not assuming any debts, liabilities, or obligations of Seller, including but not limited to, any taxes or assessments due to Seller's operation of the System and Assets up and through the day of Closing, or agreeing to take title to the System or any Assets subject to any debt or obligation of Seller; and Seller shall deliver title to the System and all Assets free and clear of any lien, encumbrance, judgment, or any claims of any kind whatsoever, except easements and rights of way of record. Unless previously adjusted at Closing under Section 2(b) (i)-(iii) or Section 2(c) (i)-(iii), the Seller and Buyer shall be responsible for their own respective pro rata share for any liability or obligation, to the extent that the liability or obligation relates to their ownership and operation of the Assets, for the portion of the year during which Closing occurs for their own respective period (days in said year) of ownership and operation of the System and Assets during that year. "Assumed Liabilities" shall mean: (i) all of Seller's accounts payable relating to the System for service to be rendered on or after the date of Closing; (ii) all rights, duties, liabilities and obligations of Seller under the Assumed Contracts not required to be

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

performed prior to the Closing Date (including, but not limited to, the obligation to pay reimbursements due after Closing thereunder (iii) any change orders on projects in progress that were entered into between the date hereof and the date of Closing and that were requested by Buyer and approved by Seller before the date of Closing; (iv) any change orders that are approved or requested by Buyer after the date of Closing Date; (v) all prepaid connection permits, where the connection has not been made on or before Closing; and (vi) all of the Seller's liabilities and obligations arising out of any corrective action plans or consent orders with DEP, EPA, or any other governmental authority.

(ii) Other than the Assumed Liabilities, it is specifically agreed that Buyer is not assuming any liabilities or obligations of Seller, if any, with respect to any employment contracts, union contracts, pension, profit sharing or retirement plans or agreements, or any other obligations for the benefit of any employee or independent contractor of Seller.

(e) Retained Assets. The "Assets" and "System" sold pursuant to this Agreement shall expressly not include any of the following assets, each which the Seller shall retain following Closing:

(i) Water Service Revenues for Pre-Closing Period. Seller shall be entitled to all revenue received by Buyer on and after the day of Closing attributable to Seller's billed and unbilled metered and unmetered revenues for water service provided by Seller prior to the day of Closing, including payments or the satisfaction of liens on any delinquent customer accounts for such service received on and after the day of Closing. The unbilled revenue will be prorated using a ratio of the number of days prior to the day of Closing to the total number of days in the unbilled quarter. Upon Buyer's receipt of payments attributable to Seller's pre-closing service, Buyer shall remit such prorated payments to Seller at least every thirty (30) days until extinguished. Seller will provide at Closing a list of customers who have receivables older than ninety (90) days as of the Closing Date and the amount of such receivables which is older than ninety (90) days from Closing. Notwithstanding any language to the contrary, (i) Seller hereby authorizes and permits Buyer to collect any of its Accounts Receivable on its behalf and remit the same to Seller as set forth above, (ii) Buyer will not attempt to collect accounts receivable that are greater than ninety (90) days old on the Closing Date, and (iii) Seller retains all ownership and right to collect its accounts receivable, including pursuing all remedies available at law, either in coordination with Buyer or on its own.

(ii) Such other items listed on Schedule 2(e).

(f) Closing; Date and Location. Unless this Agreement is earlier terminated in accordance with Section 13 hereof, closing for the purchase and sale of the System and Assets (the "Closing") shall occur on a date to be mutually agreed upon by Buyer and Seller, which date shall be on or before thirty (30) days after the later of (i) receipt of all consents and approvals, including the PUC's approval, required in connection with the purchase and sale and expiration of all applicable appeal periods without any appeals being taken or action filed that

might reasonably be expected to restrain or prohibit the consummation of the transactions contemplated by this Agreement or materially and adversely affect the System and Assets, and (ii) satisfaction (or waiver) of the conditions precedent set forth in Sections 3A and 3B. Closing shall be held at a location to be mutually agreed by Buyer and Seller, commencing at 10 a.m., or at such other time as mutually agreed in writing by Seller and Buyer. Buyer estimates that such conditions shall be satisfied on or before December 31, 2021. Notwithstanding the foregoing, in the event Buyer has not received a decision from the PUC to approve the sale, then, unless the PUC application has been withdrawn, Closing shall be automatically extended for sixty (60) days from the date previously agreed to between the parties, and this automatic extension will be granted an unlimited number of times until a final decision is rendered. In the event Buyer and Seller determine that the final schedules and exhibits to this Agreement need to be updated between the period of the signing of this Agreement and Closing, then Buyer and Seller agree that such exhibits and schedules may be updated with the consent of any two of Buyer's officers and Seller's Chairman and Solicitor and that any such updates or changes shall be incorporated herein.

(g) Closing Documents. Except as previously delivered or as mutually agreed to be delivered promptly after Closing, at Closing:

(i) Seller shall deliver to Buyer:

(1) Executed deeds, bills of sale, assignments (including but not limited to the Assigned Lease), rights of way, easements, lien releases, and such other instruments as may be required or as Buyer may reasonably request to effectuate the sale, transfer, and assignment to Buyer of the System and Assets in accordance with the terms of this Agreement;

(2) Physical possession of the System and Assets;

(3) Such documentation as is satisfactory to Buyer to verify that all prior construction projects have been completed and all payments have been made;

(4) Such other documents as are contemplated by this Agreement or as Buyer or Buyer's counsel may reasonably request to carry forth the transactions contemplated by this Agreement;

(5) On or within three (3) days before Closing, Seller's accounts payable to be assumed by Buyer which are due within the fifteen (15) day period following Closing. Notwithstanding the foregoing, such accounts payable shall be prorated as per the date of Closing in accordance with Section 2(e)(i).

(ii) Buyer shall deliver to Seller:

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(1) Payment of the Purchase Price described in Section (2)(c); and

(2) Such other documents as are contemplated by this Agreement or as Seller or Seller's counsel may reasonably request to carry forth the transactions contemplated by this Agreement.

3A. Conditions Precedent to the Obligations of Buyer. Except to the extent any such conditions are waived in writing by Buyer, all obligations of Buyer under this Agreement shall be subject to the fulfillment of all of the following conditions:

(a) Accuracy and Performance of Representations, Warranties, and Covenants. The representations and warranties of Seller contained in Section 4 shall be deemed made again at and as of Closing and shall be true and correct in all material respects at and as of Closing; and Seller shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by Seller prior to Closing.

(b) Challenges to Transaction. As of the date of Closing there shall not have been threatened or instituted any action, suit, audit, investigation, or proceeding (a "Challenge") by any persons, governmental agency, or any other person or entity which might reasonably be expected to (i) result in action to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or (ii) materially and adversely affect the System and Assets; provided, however, that Seller shall have the right to thirty (30) days from written notice by Buyer within which to cure or remove such Challenge to the reasonable satisfaction of Buyer.

(c) Consents to Transaction. Buyer shall have obtained approval or registration from the PUC of the acquisition of the System and Assets under terms or conditions acceptable to Buyer, and all other consents and approvals required in connection with the transfer of the System and Assets to Buyer, including, without limitation, the approval of any other state agency having jurisdiction, and any court having jurisdiction as required by statute.

(d) Approval of Water Rates. The PUC shall have approved the continued use by Buyer of Seller's water rates in effect for the Seller's Service Area at the time of Closing, which shall take into account Buyer's covenant in Section 14(a) of this Agreement.

(e) Assignment of Rights. Seller shall have assigned or shall concurrently assign to Buyer all of its rights to receive future reimbursement and contributions in aid of construction for the System from builders and developers within Seller's Service Area and shall have assigned its rights in and to the Wastewater Agreement.

(f) No Change. Since August 31, 2020, (i) there shall have been no material adverse change or damage to the Assets or the System, and (ii) no injury, damage, or other loss for which Seller may reasonably be expected to have liability in any material respect

shall have been incurred by any customer served by Seller or by any other person or entity, which has not been provided for by Seller or established to be covered by Seller's insurance.

(g) Real Estate, Rights of Way, and Easements. The Recorded Rights of Way and Easements and the use of the Recorded Rights of Way and Easements for conduct of the System shall be in compliance with the terms of such Recorded Rights of Way and Easements and permitted by all applicable laws, and shall be assignable or transferable to Buyer without unacceptable condition or restriction and without cost to Buyer. Seller will transfer and assign to Buyer all of Seller's rights, title and interests in and to the Recorded Rights of Way and Easements and Unrecorded Rights of Way and Easements at Closing. The Real Estate and the Rights of Way constitute all of the real estate and rights of way owned by the Seller. Seller owns no other real estate or rights of way.

(h) Leases. Seller shall have entered into the Assignment of Assigned Lease in the form attached hereto as Exhibit D (the "Assignment of Lease") for the Assigned Lease.

(i) Permits. All licenses and permits necessary to the ownership and operation of the System within Seller's Service Area, including, without limitation, highway occupancy permits and Army Corps of Engineers permits, shall be transferable by Seller to Buyer or otherwise obtainable by Buyer effective with the date of Closing.

(j) Officers' Certificates. At Closing, Buyer shall have received from Seller's Authorized Representative (as hereinafter defined) a certificate representing and warranting that (i) the Seller's representations and warranties contained in Section 4 are made at and as of Closing and are true and correct in all material respects at and as of such date; and (ii) Seller has performed in all material respects all obligations and complied with all covenants required by this Agreement to be performed or complied with prior to Closing; and (iii) no material adverse change has occurred with respect to the System and Assets from August 31, 2020. For purposes of this Agreement, "Seller's Authorized Representative" shall mean a corporate officer of Seller to execute documents on behalf of the Seller for the purposes of this Agreement.

(k) Attorney Opinion. Buyer shall have received from counsel for Seller a favorable opinion dated as of the Closing, in form and substance satisfactory to Buyer and its counsel.

(l) Inspection. Buyer shall be reasonably satisfied with the results of the inspection which will be scheduled immediately prior to Closing; provided, however, that "reasonably satisfied" shall mean that (i) no material defect exists in the System that a similarly-situated buyer purchasing a water system similar to the System "as is" would, on the basis of such material defect, reasonably object to proceeding with Closing, and (ii) that, if such material defect exists, Seller has reasonably cured such material defect within 90 days of receiving notice thereof.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX



3B. Conditions Precedent to the Obligations of Seller. Except to the extent any such conditions are waived in writing by Seller, all obligations of Seller under this Agreement shall be subject to the fulfillment of all of the following conditions:

(a) Accuracy and Performance of Representations, Warranties and Covenants. The representations and warranties of Buyer contained in Section 5 shall be deemed made again at and as of Closing and shall be true and correct in all material respects at and as of Closing; and Buyer shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by Buyer prior to Closing.

(b) Challenges to Transaction. As of the date of Closing there shall not have been instituted any action, suit, audit, investigation, or proceeding (a “Challenge”) by any persons, governmental agency or any other person or entity which might reasonably be expected to (i) result in action to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or (ii) materially and adversely affect the System and Assets; provided, however, that Buyer shall have the right to thirty (30) days from written notice by Seller within which to cure or remove such Challenge to the reasonable satisfaction of Seller. Seller agrees to oppose and take actions to defeat such challenge, including but not limited to assisting Buyer in any attempt to cure or remove such Challenge.

(c) Consents to Transaction. Buyer shall have obtained the approval from the PUC of the transaction contemplated hereby and all other consents and approvals required in connection with the transfer of the System and Assets to Buyer, including, without limitation, the approval of any other state agency having jurisdiction, and any court having jurisdiction as required by statute.

(d) Permits. All licenses and permits necessary to the ownership and operation of the System within the Seller’s Service Area, including, without limitation, highway occupancy permits, public water supply permits, Susquehanna River Basin Commission (SRBC) approvals and Army Corps of Engineers permits, shall be transferable by Seller to Buyer or otherwise obtainable by Buyer effective with the date of Closing.

(e) Officers’ Certificates. At Closing, Seller shall have received from Buyer’s Authorized Representative (as hereinafter defined) a certificate representing and warranting that except as set forth in the certificate (i) the Buyer’s representations and warranties contained in Section 5 are made at and as of Closing and are true and correct in all material respects at and as of such date; and (ii) Buyer has performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with prior to Closing. For purposes of this Agreement, “Buyer’s Authorized Representative” shall mean a corporate officer of Buyer or a director of Buyer duly authorized by resolution of Buyer’s Board of Directors to execute documents on behalf of the Buyer for the purposes of this Agreement.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(f) Closing Deliverables. Buyer shall have (i) paid the Purchase Price to Seller, and (ii) delivered the Note, Mortgage and Security Agreement, the Assignment of Assigned Lease and other documents and other items described in or required by this Agreement.

(g) Opinion of Counsel. Buyer shall deliver to Seller a written opinion of Buyer's counsel, dated as of the date of Closing and addressed to Seller, in form and substance satisfactory to Seller and its counsel

(h) Accounts Receivable List. Seller will provide a list of customers with accounts receivable of more than ninety (90) days and the portion of such receivables older than ninety (90) days from Closing.

4. Representations and Warranties of Seller. Seller represents and warrants to Buyer as follows:

(a) Organization and Standing. Seller is a municipal authority duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania and has full corporate power and authority to execute and deliver this Agreement, perform its obligations under this Agreement and consummate the transaction contemplated by this Agreement.

(b) Binding Obligations. The execution, delivery, and performance of this Agreement have been duly authorized and approved by the Board of Seller and has been duly authorized and approved. This Agreement and each of the other documents to be executed and delivered by Seller to Buyer in accordance with this Agreement, when executed and delivered on behalf of Seller shall constitute the valid, binding, and enforceable obligations of Seller. Seller is not bound by or subject to any legal, regulatory, judicial, contractual, or other obligation or requirement that would conflict with or be violated by Seller's execution or performance of this Agreement.

(c) Required Filings. Seller has duly and timely filed all reports, responses, and other filings, required of it with the SRBC, DEP, and any other agency having jurisdiction over Seller and the operation and maintenance of the System, as applicable.

(d) Compliance with Laws. The Assets and the System are in compliance in all material respects and at the time of Closing shall be in compliance in all material respects with all governmental requirements applicable to the System and Assets, including without limitation all governmental requirements pertaining to health, safety, or environmental matters. Seller has not received any notice which is currently outstanding from the SRBC, DEP, EPA, or any other agency having jurisdiction of any violation or alleged non-compliance with any governmental requirements applicable to Seller, the Assets or the System which have not otherwise been resolved or addressed to such agency's satisfaction.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(e) No Default. To its knowledge, Seller is not in default in any material respect under or in violation of, any applicable statute, law, ordinance, decree, order, rule, or regulation of any governmental body, or in default under, or in violation of, any agreement or commitment to which Seller is a party or by which Seller is bound which would reasonably be expected to result in an adverse effect on the business or condition, financial or otherwise, of the System or Seller.

(f) Employees. Seller is not a party to any employment contract, union contract or pension, profit sharing, or retirement plan or agreement, for the benefit of any employee or independent contractor. Seller has six (6) employees, several of whom are seasonal and handle mowing duties.

(g) Absence of Certain Changes, Events or Conditions.

(i) To the knowledge of Seller, since August 31, 2020, the System and Assets have not suffered any damage, destruction or loss (whether or not covered by insurance) which adversely affects (in any single case or in the aggregate) in any material respect the Assets or the System.

(ii) Since August 31, 2020 Seller has not:

(1) Entered into any transaction out of the ordinary course of business;

(2) Had any change in the Assets or System other than changes in the ordinary course of business, none of which changes in the ordinary course of business have been materially adverse, normal wear and tear excepted;

(3) Suffered any casualty, condemnation, confiscation, revocation of license or right to operate, environmental penalty or notice of inquiry or investigation, modification of agreements or regulations, or any other event which has adversely affected the Assets or System or operations of the System, normal wear and tear excepted;

(4) Entered into any sale or transfer of any of the Assets or System except for this Agreement; or

(5) Opened any lines of credit that remain outstanding that are secured by any of the Assets.

(h) Insurance. Seller maintains in effect general liability insurance and failure to provide coverage with limits of liability of not less than \$1,000,000 per occurrence/\$1,000,000 in aggregate per policy year on an occurrence basis not a claims basis.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(i) Litigation. To the knowledge of Seller, there is no claim, litigation, arbitration proceeding, judgment, injunction, audit, or governmental investigation pending or threatened against Seller which could reasonably be expected to materially and adversely affect the System or Assets or the transaction contemplated by this Agreement. To the knowledge of Seller, there is no specific existing state of facts which in Seller's judgment is probable of resulting in any claim, litigation, proceeding, audit, or governmental investigation against Seller which could reasonably be expected to materially and adversely affect the System and Assets or the consummation of the transaction contemplated by this Agreement.

(j) Title to System and Assets; Absence of Liens and Encumbrances. Seller has, or at Closing will have, good and marketable title to the System and Assets free and clear of all liens and encumbrances. Upon transfer at Closing of the System and Assets to Buyer, Buyer will receive good and marketable title to such System and Assets free and clear of all liens, encumbrances, security interests, claims, and rights of others.

(k) Rights of Way and Easements. To its knowledge, all Recorded Rights of Way and Easements required or necessary to operate the System and Assets as currently configured have been lawfully obtained and maintained by Seller and are validly in existence and of public record in the Offices of the Recorder of Deeds in and for Lancaster County, Pennsylvania and transferable to Buyer in accordance with their terms and without cost to Buyer.

(l) Contracts. Seller has included as Schedule 4(l) a list of, to its knowledge, all material agreements and contracts affecting the Assets or the System or the operation and maintenance thereof, regardless of whether such agreements and contracts are being transferred or assigned to Buyer.

(m) Financial Statements. The Seller has heretofore delivered to the Buyer the financial statements for the fiscal years ended September 30<sup>th</sup> for 2017, 2018, and 2019 audited by the Seller's independent public accountants (collectively, the "Financial Statements"). The 2020 audited Financial Statements are to be provided as soon as they become available. The Financial Statements have been prepared on a basis consistent with and in accordance with the provisions of generally accepted accounting principles, applied on a consistent basis through the periods indicated, and fairly present the financial condition and results of operations of the Seller as of the dates and during the periods to which they relate. Except as reflected and reserved on the Financial Statements, the Seller does not have any liability or obligation of any nature relating to the Assets or the System whether accrued, contingent, absolute, or otherwise which existed as of the date of the Financial Statements, which would result in a claim or lien upon the Assets or otherwise impair any right of the Buyer to the Assets.

(n) Absence of Changes. To the knowledge of the Seller, except as noted in the Financial Statements, since the dates of the Financial Statements: (a) the Seller has conducted its business in the regular and ordinary course; (b) there has been no casualty, condemnation, confiscation, revocation of license or right to operate, environmental penalty or notice of inquiry or investigation, modification of agreements or regulations, or any other event which has adversely affected the Assets or System or operations of the System, whether or not covered by insurance; (c) Seller has not entered into any sale or transfer of any of the Assets or System except for this Agreement; (d) Seller has not opened any lines of credit that remain outstanding that are secured by any of the Assets; or (e) there has been no material adverse change in the assets, liabilities, properties, business, financial condition, operations, results of operations, or future prospects of the business of the Seller.

(o) No Other Representations. Except for the representations and warranties contained in this Section 4 (including the related portions of the disclosure schedules), the Seller does not make any other express or implied representation or warranty, either written or oral, on behalf of Seller, including any representation or warranty as to the accuracy or completeness of any information regarding the Seller furnished or made available to Buyer and its representatives, any information, documents or material, delivered or made available to Buyer, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of Seller. the Company, or any representation or warranty arising from statute or otherwise in law. Seller has not concealed from Buyer any facts which Seller knows to be material to the Assets or the System or the operation and maintenance thereof. After giving effect to any knowledge qualifiers, no representation or warranty made by Seller in this Agreement and no information or Schedule furnished by Seller to Buyer (i) contains any untrue statement of a material fact or (ii) contains an omission of a material fact the statement of which is necessary in order to make the statements contained in this Agreement or in such information or Schedule, in light of the circumstances under which they are made, not misleading.

(p) Lead and Asbestos Disclosures. Except as disclosed on Schedule 4(p) hereto, to the knowledge of Seller, there are no lead service lines or any contaminants, hazardous or toxic chemicals or materials, pollutants, or petroleum materials in or affecting the Assets or System. There is no asbestos in the structures that can be occupied by personnel.

(q) Taxes and Other Liabilities. There are no material liabilities of Seller, including, without limitation, any tax liability of any nature whatsoever, which have not been disclosed by Seller. Seller has duly filed all federal, state, county, and city income tax returns and other tax returns of every kind and description as it may be required to file, and there are presently no claims for tax deficiencies pending against Seller by any taxing authority, nor does Seller know of any basis for the making of any claim by any taxing authority for any tax deficiency against Seller.

(r) Condition of System and Assets. As set forth in Section 2(a), and except as may otherwise be expressly warranted herein, the System and Assets are sold “As Is”.

(s) Wastewater Agreement. To Seller’s knowledge, the Wastewater Agreement with East Donegal Sewer Authority dated May 21, 1990 is in full force and effect, no party to such Agreement is or has been in default, and the Marietta Donegal Joint Authority has confirmed that it will accept, has been accepting, and has not given notice to Seller that it will not continue to accept waste water. Further, other than disclosed in the Condition Assessment, to Seller’s knowledge, the transportation of the waste water has not resulted in any special equipment needs or maintenance, any special or additional treatment, or any limitation on the manner in which materials are transport by the system (together, “Changes”) and Seller has not been given notice of any such Changes needing to be made. The rental charge of \$109.00/E.D.U. remains in effect and charges continue to be made quarterly.

(t) As of the date of this Agreement, Seller has not engaged in any construction projects which have not already been finalized, properly closed out, and completed, and all contractors, subcontractors, and suppliers have been paid in full for work performed.

5. Representations and Warranties of Buyer. Buyer represents and warrants as follows:

(a) Organization and Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has full corporate power and authority to execute and deliver this Agreement, perform its obligations under this Agreement and consummate the transaction contemplated by this Agreement.

(b) Binding Obligations. The execution, delivery, and performance of this Agreement have been duly authorized and approved by corporate proceedings of the Buyer. This Agreement and each of the other documents to be executed and delivered on behalf of Buyer shall constitute the valid, binding, and enforceable obligations of Buyer. Subject to the receipt of all required consents and approvals, Buyer is not bound by or subject to any legal, regulatory, judicial, contractual, or other obligation or requirement that would conflict with or be violated by Buyer’s execution or performance of this Agreement.

(c) Required Filings. Buyer has duly and timely filed all reports, responses, and other filings required of it with the PUC, DEP, SRBC and any other agency having jurisdiction over Buyer and its operations.

(d) No Default. Buyer is not in default under or in violation of, any applicable statute, law, ordinance, decree, order, rule, or regulation of any governmental body, or in default under, or in violation of, any agreement or commitment to which Buyer is a party or by which Buyer is bound which would reasonably be expected to result in an adverse effect on the

business or condition, financial or otherwise, of Buyer or Buyer's ability to consummate the transaction contemplated hereby.

(e) Litigation. To the knowledge of Buyer, there is no claim, litigation, arbitration proceeding, judgment, injunction, audit, or governmental investigation pending or threatened against Buyer which could reasonably be expected to materially and adversely affect Buyer's ability to consummate the transaction contemplated by this Agreement. To the knowledge of Buyer, there is no specific existing state of facts which in Buyer's judgment is probable of resulting in any claim, litigation, proceeding, audit, or governmental investigation against Buyer which could reasonably be expected to materially and adversely affect the consummation of the transaction contemplated by this Agreement.

(f) Full Information. No representation or warranty made in this Agreement and no information or Schedule furnished by Buyer to Seller (i) contains any untrue statement of a material fact or (ii) contains an omission of a material fact the statement of which is necessary in order to make the statement contained in this Agreement or in such information or Schedule, in light of the circumstances under which they are made, not misleading. Buyer has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Seller, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of Seller for such purpose. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation and the express representations and warranties of Seller set forth in Section 4 of this Agreement (including the related portions of the disclosure schedules); and (b) the Seller has not made any representation or warranty except as expressly set forth in Section 4 of this Agreement (including the related portions of the disclosure schedules).

(g) Sufficiency of Funds. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

(h) Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

6. Covenants of Seller. From the date of this Agreement until Closing, Seller covenants and agrees that, unless waived in writing by Buyer:

(a) Maintenance of System and Assets. Seller shall (i) not take or permit any action that would impair any of the System and Assets in any material respect or the completion of the transaction contemplated by this Agreement; (ii) maintain the System and Assets in accordance with Seller's current programs and procedures in all material respects; (iii)

perform all of Seller's material obligations under all contracts; and (d) promptly advise Buyer in writing of any material adverse change in the System and Assets.

(b) Access and Information. Upon reasonable notice to Seller, and in a manner that will not unreasonably interfere with Seller's normal operations, Seller shall give to Buyer and Buyer's officers, accountants, counsel, and other designated representatives reasonable access, during normal business hours throughout the period prior to Closing, to the System and Assets. Seller shall furnish to Buyer and Buyer's officers, accountants, counsel, and other designated representatives during such period all such information concerning the System and Assets as Buyer or such representatives may reasonably request.

(c) Consents. Seller shall use Seller's reasonable best efforts to obtain, and shall cooperate promptly with Buyer's efforts to obtain, all governmental or other consents and approvals and actions required of either Seller or Buyer to complete the transactions contemplated by this Agreement.

(d) No Solicitation. Unless this Agreement has been terminated in accordance with its terms, Seller shall not, directly or indirectly, initiate any negotiations with any other party for the sale of the System and Assets, or any substantial portion thereof, with any entity or person other than Buyer, provided, however, that Seller's Board or any committee thereof may respond to any unsolicited proposal as it deems appropriate in the exercise of its fiduciary duties.

(e) Risk of Loss. The risk of loss or damage to the System and Assets shall be on Seller at all times prior to Closing. In the event of any insubstantial loss or damage to the Equipment or the Real Estate, the parties shall proceed to Closing without abatement of the Purchase Price and Seller shall pay or assign to Buyer all insurance proceeds paid or payable as a result of such loss or damage. In the event any substantial damages (i.e. the cost of repair or replacement of which exceeds \$100,000) which damage is not repaired by Seller prior to Closing, then Buyer shall have the right either to (i) terminate this Agreement without any further obligation or (ii) elect to proceed with Closing without abatement of the Purchase Price; and if Buyer proceeds with Closing, Seller shall pay or assign to Buyer all insurance proceeds paid or payable as a result of such loss or damage.

(f) Consent to Extension of Buyer's Franchise. Seller shall and by the execution of this Agreement hereby consents, contingent on Closing, to the extension of Buyer's PUC certificated franchise area for the distribution and supply of water in the Seller's Service Area as presently or in the future configured, and Seller shall cooperate with Buyer in securing the extension and take all action as may be required or necessary in connection with PUC proceedings for such expansion.

(g) Good Faith. Seller shall at all times deal in good faith with Buyer as to the subject matter of this Agreement and the transactions contemplated by this Agreement.



(h) Contracts and Change Orders. Seller shall not enter into any construction contracts, change orders or other contracts with a value or price exceeding, in the case of any such contract or change order, \$100,000, without the Buyer's prior written consent, unless Seller deems entering into such contract or change order necessary, in its sole and absolute discretion, to preserve and protect the System and, in such case, notify the Buyer of such contract as soon as possible.

7. Covenants of Buyer. From the date of this Agreement until Closing, Buyer covenants and agrees that, unless waived in writing by Seller:

(a) Consents. Buyer shall use Buyer's reasonable best efforts to obtain, and shall cooperate promptly with Seller in Seller's efforts to obtain, all governmental or other consents and approvals and actions required of either Buyer or Seller to complete the transactions contemplated by this Agreement.

(b) Good Faith. Buyer shall at all times deal in good faith with Seller as to the subject matter of this Agreement and the transactions contemplated by this Agreement.

(c) Financial Statements. As long as the principal amount of the Note is outstanding, Buyer shall deliver to Seller, as soon as available, but in any event within one hundred fifty (150) days after the end of each fiscal year of the Buyer, a copy of the annual audit report of the Buyer for such year including a copy of the audited consolidated balance sheet of the Buyer as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, together with an opinion as to such audit report of Buyer's independent certified public accountants which does not contain a "going concern" or similar qualification or exception, or qualification arising out of the scope of the audit. All such financial statements shall be complete and correct and shall be prepared in reasonable detail and in accordance with generally accepted accounting principles (GAAP) applied consistently throughout the periods reflected therein and with prior periods.

9. Interconnection. Buyer and Seller acknowledge that an interconnection to connect the System with the Buyer's water distribution system currently exists on North Decatur Street in East Donegal Township. The parties agree that such interconnection shall be maintained and operated as necessary between Buyer and Seller through the date of Closing.

10. Commissions and Transactional Taxes; Certain Fees.

(a) Brokers and Advisors. Buyer and Seller represent and warrant that (a) the transactions contemplated by this Agreement have been negotiated directly between Buyer and Seller and their respective professional advisors and (b) neither Buyer nor Seller has done anything which would in any manner give rise to a claim against Buyer or Seller for a brokerage commission, finder's fee, or like payment.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(b) Sales and Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other such taxes and fees (including any penalties and interest) incurred in connection with this Agreement (including any real property transfer tax and any other similar tax) shall be shared equally between Buyer and Seller, regardless of whether such party is exempt from payment. Buyer shall, at its own expense, timely file any tax return or other document with respect to such taxes or fees (and Seller shall cooperate with respect thereto as necessary).

(c) Allocation of Purchase Price. Seller and Buyer agree, any law or regulation notwithstanding, that the allocation of the Purchase Price set forth in Schedule 10(c) shall be used by them as may be needed for all tax purposes including, but not limited to, reporting pursuant to Section 1060 of the Internal Revenue Code of 1986, as amended. In preparing and filing IRS Form 8594, Seller and Buyer shall report that the allocation of the Purchase Price set forth in Schedule 10(c) and the fair market value of the assets to which such Purchase Price is allocated is the same.

(d) Public Announcements. Except as may be required for regulatory approval, no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), and the parties shall cooperate as to the timing and contents of any such announcement. A copy of any disclosure made by Buyer for purposes of regulatory approval shall be provided to the Seller.

11. Reliance on and Enforcement of Representations, Warranties and Agreements of Seller.

(a) Reliance Upon Representations, Warranties and Agreements of Seller. Buyer has the right to rely upon and is materially relying upon the representations, warranties, covenants, and agreements of Seller contained in this Agreement and on the accuracy of any Schedule but from no other source.

(b) Survival. The representations and warranties made by Seller shall survive Closing for the period of indemnification provided in Section 11(c). It is understood and agreed that, whether or not specifically provided hereunder, any provision of this Agreement which by its nature and effect is required to be observed, kept or performed by Seller after Closing hereon shall not be merged therein but shall remain binding upon and for the benefit of the Buyer. All agreements and covenants of the Seller set forth in this Agreement shall survive for four (4) years of the date of Closing. Notwithstanding the foregoing, any representation, warranty, agreement, or covenant in respect of which indemnity may be sought under this Agreement will survive the time at which it would otherwise terminate pursuant to Section 11(c) if written notice of the inaccuracy or breach thereof giving rise to such right of indemnity has been given to Seller prior to such time; provided that such right of indemnity shall continue to

survive and shall remain a basis for indemnification hereunder only until the related claim for indemnification is resolved or disposed of in accordance with the terms hereof.

(c) Indemnification. Subject to Section 11(e), Seller shall indemnify, defend, and hold harmless Buyer against all loss, liability, damage, or expense (including, without limitation, interest, penalties, and reasonable attorneys' fees) incurred by Buyer during a period of three (3) years from the date of Closing, except for any tax claim or assessment which shall be subject to indemnity for a period equal to the applicable statute of limitations plus thirty (30) days for the taxable or assessment year for each tax or assessment, arising from or in connection with (i) any material misrepresentation or breach of any representation, warranty or covenant by Seller set forth in this Agreement; and (ii) to the extent not assumed by Buyer pursuant to other provisions of this Agreement, any claims of any third-party for any debt, liability, obligation, account payable, or tax relating to or arising from Seller's acts or omissions prior to Closing, provided that Seller's indemnification obligation shall not include claims related to Buyer's operation and ownership of the System and Assets on and subsequent to the date of Closing. For purposes of this Paragraph, the phrase "incurred by Buyer" shall include non-excluded claims made against Buyer during such three (3) year period. The amount of any loss, liability, damage, or expense covered by the indemnification of this Section shall equal the actual amount thereof incurred by Buyer less any reimbursement for insurance paid or payable to Buyer with respect to such loss, liability, damage, or expense. Indemnification pursuant to this Section 11(c) shall be Buyer's exclusive remedy with respect to any claims after Closing.

(d) Notice. In the event that a claim arises against Buyer to which the indemnity of Section 11(c) of this Agreement is applicable or Buyer otherwise has a claim of indemnity, notice shall be given promptly by Buyer to Seller. If Buyer shall give written notice of any liability claimed against or incurred by Buyer or any breach of a representation or warranty by Seller to which the indemnity of Section 11(c) is applicable, Seller shall within ninety (90) days of receiving such notice state in writing to Buyer whether it disputes the existence or the amount of the liability and the indemnity claim as set forth in such notice. Failure to dispute the claim for indemnity within such ninety (90) day period shall constitute Seller's admission of an agreement to such claim.

(e) Limits on Indemnification. Seller's aggregate liability arising out of this Agreement shall not exceed the actual amount of the Purchase Price it has received as of the date of any claim by Buyer hereunder and its liability shall only arise to the extent Buyer's claims exceed, in the aggregate, \$25,000.00, and then only to the extent such claims exceed this amount. Additionally, Seller shall not be liable under this Agreement for any (i) punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, or (ii) claims based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement if Buyer had knowledge of such inaccuracy or breach prior to the Closing.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

12. Reliance on and Enforcement of Representations, Warranties, and Agreements of Buyer.

(a) Reliance Upon Representations, Warranties, and Agreements of Buyer. Seller has the right to rely upon and is materially relying upon the representations, warranties, covenants, and agreements of Buyer contained in this Agreement but from no other source.

(b) Survival of Representations and Obligations. The representations and warranties made by Buyer shall survive Closing for the period of indemnification provided in Section 12(c). It is understood and agreed that, whether or not specifically provided hereunder, any provision of this Agreement which by its nature and effect is required to be observed, kept, or performed by Buyer after Closing hereon shall not be merged therein but shall remain binding upon and for the benefit of the Seller. All agreements and covenants of the Buyer set forth in this Agreement shall survive indefinitely. Notwithstanding the foregoing, any representation, warranty, agreement, or covenant in respect of which indemnity may be sought under this Agreement will survive the time at which it would otherwise terminate pursuant to Section 12(c) if written notice of the inaccuracy or breach thereof giving rise to such right of indemnity has been given to Buyer prior to such time; provided that such right of indemnity shall continue to survive and shall remain a basis for indemnification hereunder only until the related claim for indemnification is resolved or disposed of in accordance with the terms hereof.

(c) Indemnification. Buyer shall indemnify, defend, and hold harmless Seller against all loss, liability, damage, or expense (including without limitation, interest, penalties, and reasonable attorneys' fees) incurred by Seller during a period of seven (7) years from the date of Closing, arising from or in connection with (i) any material misrepresentation or breach of any representation, warranty, or covenant by Buyer set forth in this Agreement, (ii) claims of any third-party for any debt, liability, obligation, account payable, or tax relating to or arising from Buyer's acts or omissions with respect to the System or Assets on or after the date of Closing, provided that Buyer's indemnification obligation shall not include claims related to Seller's operation and ownership of the System and Assets before the date of Closing, or (iii) the Assumed Liabilities. The seven (7) year indemnification period limit shall not apply to any claims, liabilities, or obligations related to or arising from Buyer's operation and ownership of the System and Assets subsequent to the Closing. For purposes of this Paragraph, the phrase "incurred by Seller" shall include non-excluded claims made against Seller during such four (4) year period. The amount of any loss, liability, damage, or expense covered by the indemnification of this Section shall equal the actual amount thereof incurred by Seller less any reimbursement for insurance paid or payable to Seller with respect to such loss, liability, damage, or expense but in no event shall the aggregate amount of indemnification by Buyer exceed the Purchase Price.

(d) Notice. In the event that a claim arises against Seller to which the indemnity of Section 12(c) of this Agreement is applicable or Seller otherwise has a claim of indemnity, notice shall be given promptly by Seller to Buyer. If Seller shall give written notice of any liability claimed against or incurred by Seller or any breach of a representation or warranty by Buyer to which the indemnity of Section 12(c) is applicable, Buyer shall within ninety (90) days of receiving such notice state in writing to Seller whether it disputes the existence or the amount of the liability and the indemnity claim as set forth in such notice. Failure to dispute the claim for indemnity within such ninety (90) day period shall constitute Buyer's admission of an agreement to such claim.

(e) Limits on Indemnification. Buyer's aggregate liability arising out of this Agreement shall not exceed the actual amount of the Purchase Price as of the date of any claim by Seller hereunder and its liability shall only arise to the extent Seller's claims exceed, in the aggregate, \$25,000.00, and then only to the extent such claims exceed this amount. Additionally, Buyer shall not be liable under this Agreement for any (i) punitive, incidental, consequential, special, or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, or (ii) claims based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement if Seller had knowledge of such inaccuracy or breach prior to the Closing. The limits of liability and basket provision contained in this Section 12(e) shall expressly not apply to Buyer's liability under the Note and the Mortgage and Security Agreement.

### 13. Termination and Default.

(a) Termination. This Agreement may be terminated at any time prior to Closing:

(i) By mutual written consent of Buyer and Seller;

(ii) By either party by written notice to the other party if the Closing does not occur on or before December 31, 2021, because of the failure of any condition precedent to Closing which is not waived provided the party seeking to terminate is not in default in the performance of its obligations hereunder; and provided further that this date shall automatically be extended for consecutive periods of six (6) months each unless either party elects by written notice to the other party before the first day of such extended period to terminate the Agreement as of the last day of the period then in effect. Notwithstanding the above, in the event Buyer has not received a decision from the PUC to approve the sale, then, unless the PUC application has been withdrawn, Closing shall be automatically extended for sixty (60) days from the date previously agreed to between the parties, and this automatic extension will be granted an unlimited number of times until a final decision is rendered and such failure to Close shall not be cause for termination by Seller;

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(iii) By Buyer by written notice to Seller if permitted pursuant to Section 6(e) as a result of unrepaired loss or damage; or

(iv) By either party if a material breach of any covenant, warranty, representation, agreement or provision of this Agreement has been committed by the other party and such breach has not been (i) cured within thirty (30) days after the non-breaching party gives written notice of said breach to the breaching Party, or (ii) waived by the non-breaching party.

Any termination pursuant to this Section 13 shall be a right but not an obligation. The failure of a party to exercise its right to terminate this Agreement pursuant to any term or condition of the Agreement shall not act as a waiver of its right to terminate this Agreement with regard to the same term or condition or any other term or condition of this Agreement at any time prior to Closing.

In the event of a termination of this Agreement pursuant to the provisions of this Section 13(a), this Agreement shall terminate and be of no further effect, without any liability on the part of any party; provided, however, that if the Agreement is (A) terminated by Buyer pursuant to the provisions of Sections 13(a)(ii) or (iv), and (B) the termination event arises due to the willful misconduct, bad faith, or grossly negligent breach or failure to perform its obligations herein of Seller (a “**Termination for Breach**”), then the Buyer shall, as a one-time payment, be entitled to the liquidated damages set forth below. Due to the difficulty in establishing the exact amount of damages a Termination for Breach may cause the Buyer, the parties hereby agree in advance that the amount of liquidated damages due to the Buyer by the Seller in the case of a Termination for Breach is \$100,000 (the “**Termination Fee**”), and this amount was determined as a result of a good faith effort by the parties to estimate the reasonable amount of the anticipated or actual harm the Buyer will suffer, constitutes compensation and in no event is to be viewed as a penalty. The Termination Fee shall be paid by the Seller to the Buyer within thirty (30) days of such termination, unless Seller is reasonably unable to pay the Termination Fee out of its available cash reserves, in which case it shall be due no later than one-hundred twenty (120) days after such termination.

Notwithstanding anything to the contrary in this Agreement, (i) Buyer’s right to receive payment of the Termination Fee pursuant to this Section 13(a) shall be the sole and exclusive remedy of Buyer or any of its affiliates against Seller, its member municipality or any of their affiliates for any and all losses that may be suffered based upon, resulting from or arising out of the circumstances giving rise to such termination, and (ii) upon payment of the Termination Fee to Buyer, none of Seller, its member municipality or any of their affiliates shall have any further liability or obligation relating to or arising out of the Termination for Breach. In no event shall Buyer seek any (x) equitable relief or equitable remedies of any kind whatsoever or (y) money damages or any other recovery, judgment, or damages of any kind, including consequential,

indirect, or punitive damages, other than damages in an amount not in excess of the Termination Fee, in each case, relating to or arising out of a Termination for Breach.

Notwithstanding any of the foregoing, the confidentiality obligations of Section 15(k) shall survive termination.

(b) Waiver of Breach. No failure of or failure to enforce a breach of this Agreement shall constitute a waiver of any other or subsequent breach.

14. Post-Closing Covenants.

(a) Buyer shall not raise rates for customers of Seller as of the date of Closing for a period of three (3) years from the date of Closing except as necessary due to natural disaster, terroristic damage or acts of war.

(b) Cooperation. The Seller shall cooperate with and provide such further assurances to the Buyer as are reasonably necessary or requested to perfect (of record or otherwise) and effectively vest the Buyer's title to or interest in the Assets, assist the Buyer in exercising rights with respect to the Assets, aid in the prosecution, defense, or other action regarding litigation of any rights arising therefrom or affecting the same, and assist in making a smooth transition in ownership from the Seller to the Buyer. After the Closing, the Seller shall also permit the Buyer and its employees, attorneys, accountants, and other representatives reasonable access to the Seller's business records relating to the Assets. After Closing, the Seller, upon reasonable notice, shall be permitted to have access to the Seller's records transferred to the Buyer as provided in this Agreement.

(c) Treatment of Confidential Information.

(i) The Buyer acknowledges that it has had access to confidential information and agrees that, in the event that this Agreement is terminated, it will keep confidential all such confidential information and, except with specific prior written consent of the Seller, shall not disclose such confidential information to any person. Confidential information shall not include (A) such information that becomes known to the public generally through no fault of the Buyer, (B) information required to be disclosed by law or the order of any governmental authority under color of law, provided that prior to disclosing any information pursuant to this clause (B), the Buyer shall, if possible, give prior written notice thereof to the Seller and provide Seller with the opportunity to contest such disclosure, or (C) such information that the Buyer reasonably believes the disclosure of which is required in connection with the defense of a lawsuit against the Buyer. In the event of a breach or threatened breach by the Buyer of the provisions of this Section with respect to any confidential information, Seller shall be entitled to an injunction restraining the Buyer from disclosing, in whole or in part, that confidential information. Nothing herein shall be construed as prohibiting

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

the Seller from pursuing any other remedy available at law or in equity for such breach or threatened breach, including the recovery of damages.

(iv) The obligations of the parties under this Section (c) shall survive the termination of this Agreement.

15. General Provisions.

(a) Expenses. Subject to Section 10(c), Seller shall pay all expenses incurred by Seller in connection with the authorization, preparation, execution, and performance of this Agreement by Seller, including, without limitation, all fees and expenses in connection with the securing by Seller of any approvals required for Seller to close on this Agreement, all fees and expenses of agents, representatives, counsel, and accountants retained by Seller or fees and expenses incurred in connection with the Rights of Way, whether or not the transactions contemplated by this Agreement are consummated. Buyer shall pay all expenses incurred by Buyer in connection with the authorization, preparation, execution, and performance of this Agreement by Buyer, including, without limitation, all fees and expenses in connection with the securing by Buyer of any approvals required for Buyer to close on this Agreement, all fees and expenses of agents, representatives, counsel and accountants retained by Buyer, whether or not the transactions by this Agreement are consummated.

(b) Knowledge. Seller shall be deemed to have knowledge of any fact or circumstances which is or would upon reasonable investigation be known to any Board member, officer, or management level employee of Seller. Buyer shall be deemed to have knowledge of any fact or circumstances which is or would upon reasonable investigation be known to any director, officer, or management level employee of Buyer.

(c) Amendment. This Agreement shall not be amended or modified except by a written instrument executed by Seller and Buyer.

(d) Notices. All notices, claims, requests, demands and other communications pursuant to this Agreement shall be in writing and shall be deemed to have been duly delivered if delivered in person or by recognized courier service or four (4) days after deposit in the United States mail, first class postage prepaid, addressed as follows:

(i) If to Buyer to:  
Columbia Water Company  
220 Locust Street  
Columbia PA 17512  
Attn: Secretary/Treasurer

With a copy to:  
Thomas J. Sniscak

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX



Hawke McKeon & Sniscak LLP  
100 N. Tenth Street  
P.O. Box 1778  
Harrisburg, PA 17105

Wanda S. Whare  
Nikolaus & Hohenadel, LLP  
212 North Queen Street  
Lancaster, PA 17603

- (ii) If to Seller to:  
East Donegal Township Municipal Authority  
ATTN: Authority Chairperson  
117 S. River Road  
P.O. Box 82  
Maytown, PA 17550

With a copy to:  
Michael W. Davis  
Daniel T. Desmond  
Barley Snyder  
126 East King Street  
Lancaster, PA 17602

Or to such other or additional persons or addresses as Buyer or Seller may subsequently designate in writing delivered to the other party in accordance with this Section 15(d). The date of notification shall be the date of hand delivery, the day following deposit in overnight mail, or four (4) days after deposit in United States mail, first class postage prepaid.

(e) Governing Laws, Jurisdiction and Venue. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania. Buyer and Seller each agree that exclusive jurisdiction and venue for any litigation concerning this Agreement and the transactions contemplated shall exist in the Lancaster County Court of Common Pleas, Lancaster, Pennsylvania. Buyer and Seller each consent to jurisdiction and venue as provided in this Section 15(e) and agree that all service of process, including any instrument to initiate suit, shall be effective if served in accordance with Pennsylvania law.

(f) Further Documents. Buyer and Seller agree to execute and deliver such further documents or instruments as shall be necessary or appropriate to fulfill all obligations and effect all transactions contemplated by this Agreement; provided, however, that the provisions of this Section 15(f) shall not require Buyer and Seller to execute or deliver any document or instrument which shall alter or increase any of their respective rights or obligations under this Agreement.

C:\Users\ddesmond\AppData\Local\Temp\Scrub\xj1ew2ly\xgktap30.DOCX

(g) Assignment, Successors and Assigns. The rights and obligations of Buyer and Seller under this Agreement may not be assigned without the prior written consent of the other party to this Agreement. Except as provided in this Section 15(g), this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of Buyer and Seller.

(h) Entire Agreement; Construction. This Agreement sets forth the entire understanding of Buyer and Seller with respect to the subject matter of this Agreement and supersedes and replaces all prior agreements, understandings, representations, letters of intent, and memoranda of understanding of Buyer and Seller relating to the subject matter of this Agreement. The captions at the head of the sections of this Agreement are for convenience only and shall not alter or affect the provisions of this Agreement. Unless otherwise specifically stated, all references in this Agreement to a number preceded by the word “section” are intended to identify the section with the corresponding number.

(i) Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original and which together shall constitute the same Agreement.

(j) Schedules. Any Schedule given in connection with this Agreement is a part of this Agreement.

(k) Confidentiality. During the course of the negotiation of this Agreement and during the preparation for Closing, confidential information has been and will be made available by Seller to Buyer. If Closing does not occur, Buyer and its officers, agents, and representatives (a) will hold in strict confidence and will not utilize or disseminate in any manner such information and (b) upon termination of this Agreement will return to Seller all such information and copies. Subject to any Right to Know Law (“RTKL”) request or other legal mechanism requiring disclosure, both parties shall keep the terms and existence of this Agreement confidential and permit disclosure of any information contained in or the existence of this Agreement only on a need-to-know basis. Notwithstanding the foregoing, the Buyer has made the Seller aware that a copy of this Agreement will be provided to the PUC with the application seeking approval and such disclosure shall not be a violation of this Agreement, provided that a copy of any such communication with the PUC is provided to Seller, and Seller has made Buyer aware that this Agreement, once fully-executed, is a “public record” within the meaning of the RTKL. All information going to the PUC becomes public information, except for sensitive information related to safety and security.

(l) Unenforceability of Provisions. The unenforceability or invalidity of any provision of this Agreement shall not affect the enforceability and validity of the remainder of this Agreement, which shall continue in full force and effect.

(m) Mutual Assurances. Buyer and Seller agree to use all commercially reasonable efforts to effectuate the transactions contemplated by this Agreement.

(n) Third-Party Beneficiary. Buyer and Seller hereby designate East Donegal Township as a third-party beneficiary to this Agreement, the Note and the Mortgage and Security Agreement. Except as set forth herein, no other party is conferred with any rights or remedies other than Buyer, Seller and their respective successors and permitted assigns.

(Signatures to appear on next page)

IN WITNESS WHEREOF, Buyer and Seller, intending to be legally bound, have duly executed this Agreement as of the date first above written.

Seller:  
EAST DONEGAL TOWNSHIP  
MUNICIPAL AUTHORITY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Buyer:  
COLUMBIA WATER COMPANY

By: *David Lewis*

Title: *Vice President and General Manager*

Attest: *John F. Hendler Jr.*

IN WITNESS WHEREOF, Buyer and Seller, intending to be legally bound, have duly executed this Agreement as of the date first above written.

Seller:

EAST DONEGAL TOWNSHIP  
MUNICIPAL AUTHORITY

By: Robert P. Waters

Title: Chairman

Attest: Donald A. Hart

Buyer:

COLUMBIA WATER COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

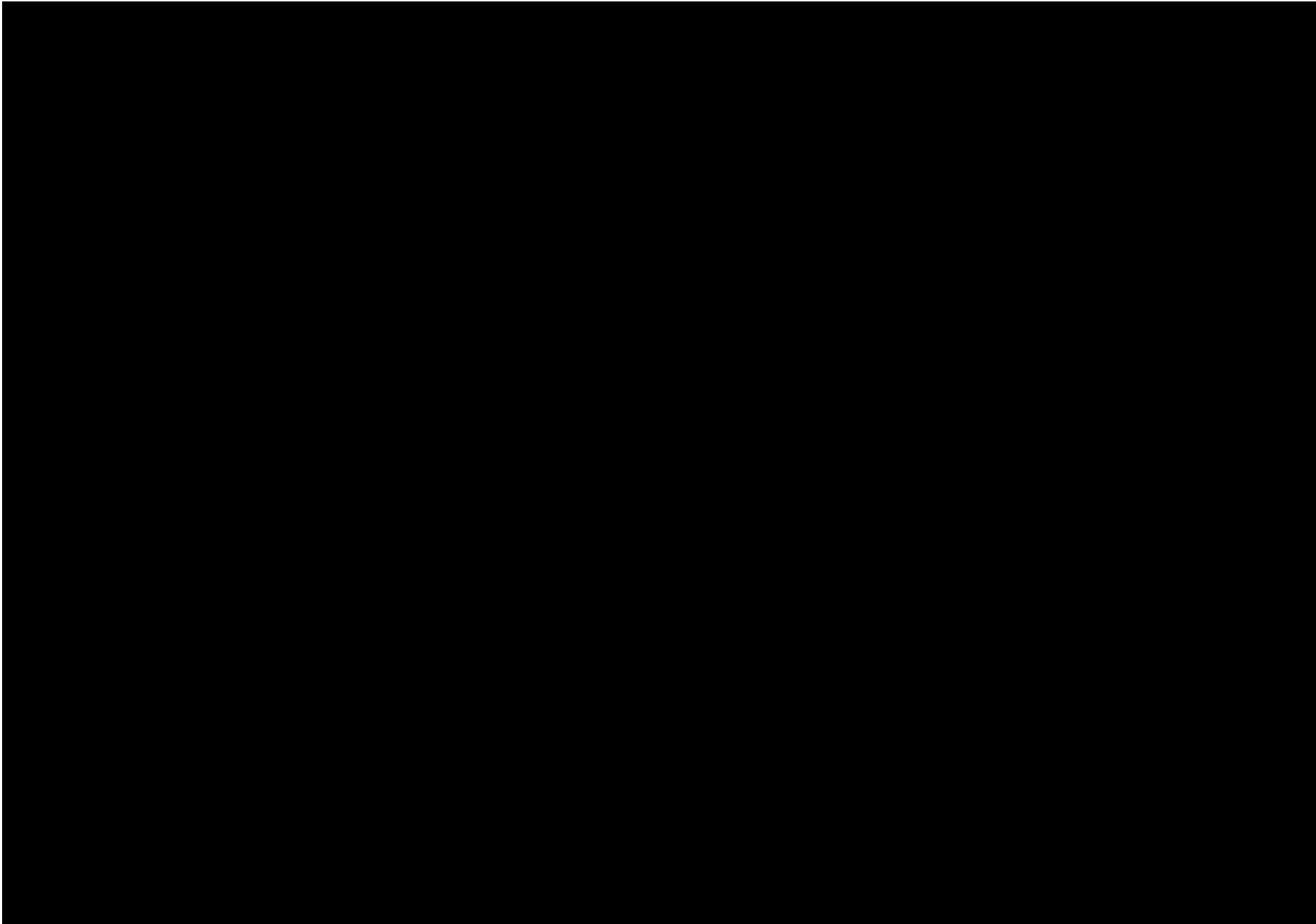
Attest: \_\_\_\_\_

## EXHIBITS AND SCHEDULES

Exhibit A	Map of System
Exhibit B	Promissory Note of Buyer
Exhibit C	Mortgage and Security Agreement
Exhibit D	Assignment of Assigned Lease
Schedule 1(a)(iv)	Assumed Contracts
Schedule 2(a)(i)	Equipment
Schedule 2(a)(iii)	Easements and Rights of Way
Schedule 2(a)(iv)	Real Estate
Schedule 2(e)	Retained Assets
Schedule 4(l)	All Contracts
Schedule 4(p)	Lead and Asbestos Disclosure
Schedule 10(c)	Allocation of Purchase Price

EXHIBIT A

**Maps of System and Service Area**





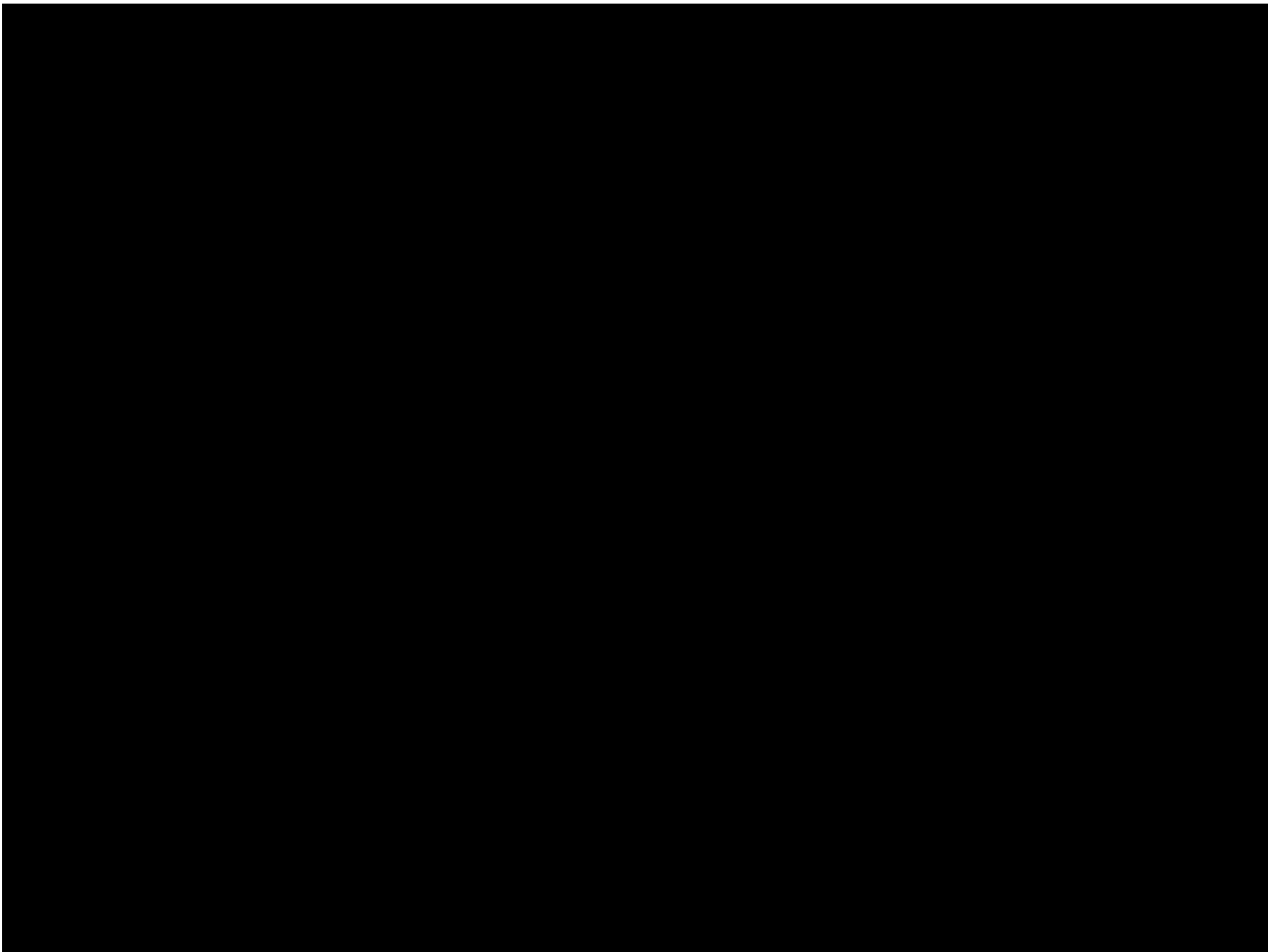


Exhibit "B"

PROMISSORY NOTE

\$2,250,000.00

Date: \_\_\_\_\_  
Lancaster, Pennsylvania

1. **Obligation** - INTENDING TO BE LEGALLY BOUND, FOR VALUE RECEIVED, **COLUMBIA WATER COMPANY**, a Pennsylvania corporation with offices at 220 Locust Street, Columbia, PA 17512 (the “Buyer”), hereby unconditionally promises to pay to the order of **EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY**, a Pennsylvania municipal authority having an address at 117 S. River Road, P.O. Box 82, Maytown, PA 17550 (the “Seller”), the principal sum of **TWO MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$2,250,000.00)** together with interest in accordance with the payment schedule set forth below (the “Loan”) at the address of the Seller set forth above, or at such other place as the holder hereof may designate to Buyer in writing. The Loan is being made pursuant to the transactions contemplated by that certain Water Production and Distribution System Sale and Purchase Agreement between Buyer and Seller dated as of \_\_\_\_\_, 2021 (the “Purchase Agreement”) and this Promissory Note (this “Note”) is the “Note” referred to in the Purchase Agreement and attached thereto as Exhibit B.

2. **Interest Rate; Payment Schedule** - Buyer shall repay the principal sum plus interest thereon at the applicable rate as set forth below, in accordance with the following schedule:

(a) The rate of interest to be payable hereunder shall be at a fixed rate of three percent (3.0%) simple interest (the “Interest Rate”) per annum,

(b) The payment schedule shall be as follows:

(i) Monthly payments of principal as set forth on the amortization schedule attached as Exhibit A hereto plus accrued interest on the unpaid principal balance of the Loan shall be paid by Buyer to Seller commencing on \_\_\_\_\_ 1, 2021, and on the first day of each succeeding month for a total of eighty-three (83) months, including the first month’s payment. If the payment date falls on a day that is not a business day, payment shall be made on the next following business day.

(ii) A final payment of all outstanding principal, interest and other charges and fees due hereunder shall be made by Buyer to Seller on or before \_\_\_\_\_ 1, 2028 (the “Maturity Date”).

3. **Terms of Payment** -

(a) All amounts payable under this Note are payable in lawful money of the United States of America. Checks will constitute payment only when collected.

(b) Interest shall be calculated hereunder on the basis of a three hundred sixty (360) day year and charged for the actual number of days for which the principal balance, or any portion thereof, is outstanding.

(c) Notwithstanding any provision contained in this Note, Buyer's liability shall not exceed the limits imposed by the applicable usury law. If any provision contained herein requires interest payments in excess of the then legally permitted maximum rate, any payments in excess of such maximum amount shall be refunded to Buyer or credited against the indebtedness owed hereunder, at the discretion of Seller. This provision shall survive repayment of the Loan.

4. **Prepayment** - Provided Buyer is not then in default (including, without limitation, is then current in all monetary obligations hereunder), Buyer shall have the privilege of prepaying the unpaid principal balance in whole or in part at any time. All partial prepayments shall be applied against interest, fees, or other charges, if any, then due, and the remaining prepayment shall be applied against principal and no prepayment will reduce the amount of the scheduled payments nor relieve the Buyer from paying the scheduled payments on each due date until the entire indebtedness is paid. The acceptance of any prepayment when there is an Event of Default (as defined herein) in existence hereunder shall not constitute a waiver, release, or accord and satisfaction thereof or of any rights in respect thereto by Seller.

5. **Late Charge** - If any payment which is to be made hereunder is not paid within ten (10) calendar days (the "Grace Period") after the date when due (whether as scheduled, by maturity, acceleration, demand, or otherwise), the Buyer shall immediately pay to the Seller a late charge of five percent (5%) of the amount past due as of that date. The amount of any such "late charge" not paid immediately shall be added to the indebtedness herein and from and after the expiration of the Grace Period shall accrue interest at the Default Rate (as defined below). This provision shall not be deemed to alter or extend the payment due date nor to provide for nor to affect or lengthen the time (if any) to cure any Event of Default hereunder.

6. **Security** - This Note is secured, and payment hereof is assured, by the Open-End Mortgage and Security Agreement of even date herewith (the "Mortgage" and, collectively with this Note, the Purchase Agreement "Loan Documents" and the Purchase Agreement, together with the Loan Documents, the "Transaction Documents"). This Note is issued under, is entitled to the benefits of, and shall be disbursed and advanced pursuant to the terms of the Loan Documents, the terms of which are fully incorporated by reference herein.

7. **Events of Default** - The occurrence of any one or more of the following without Seller's prior written consent shall, and without further demand, constitute an "Event of Default" hereunder:

(a) The failure of Buyer to pay any sums as required pursuant to this Note when due;

(b) Mortgagor shall become insolvent or unable to pay its debts as they mature; or admit in writing its inability to pay its debts generally as they become due; or shall file a voluntary petition in bankruptcy or a voluntary petition to seek reorganization or to effect a plan or other arrangement with creditors, or shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition, pursuant to any act of Congress relating to bankruptcy or any act purporting to be amendatory thereof; or shall make an assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets; or shall apply for or consent to or suffer the appointment of any receiver or trustee for them or any of its property; or an order shall be entered pursuant to any act of Congress relating to bankruptcy or to any purporting to be amendatory thereof approving an involuntary petition seeking reorganization of Mortgagor or an order under such act shall be entered appointing any receiver or trustee for Mortgagor or for any property of Mortgagor and the same shall not be stayed or vacated within sixty (60) days;

(c) The dissolution, merger, consolidation, name change, share exchange, sale of substantially all of its assets, reorganization or other transaction of like effect of Buyer;

(d) Any material adverse change in the financial condition of Buyer which causes Seller, in good faith, to reasonably believe that performance of any of the Obligations herein or under any guaranty or surety of the Loan is impaired or doubtful;

(e) Subject to any applicable grace or cure periods, the failure of Buyer to observe or perform any other existing or future agreement with or obligation to the Seller including but not limited to those under the Transaction Documents;

(f) Any representation or warranty made by Buyer herein or in any of the Transaction Documents shall be inaccurate or incomplete in any material respect on or as of the date made;

(g) Any attachment, levy or garnishment shall have been issued against any property of the Buyer in which Seller holds an interest under the Mortgage (the "Collateral") and Buyer shall have failed to satisfy or remove the same within thirty (30) days thereof, unless such party shall have bonded or otherwise secured any such attachment, levy or garnishment to the satisfaction of the Purchaser within such thirty (30) day period;

(h) One or more judgments are entered against the Buyer in an aggregate amount of One Hundred Thousand Dollars (\$100,000.00) or more, and Buyer shall not obtain the satisfaction, release, stay or dismissal thereof within thirty (30) days thereof;

(i) Sell, transfer, lease, or otherwise dispose of (voluntarily or by operation of law) any of the Collateral, in each case other than in the normal course of business consistent with past practice;

(j) Except for a Subordinate Lien (as defined in the Mortgage), grant, permit or have imposed any security interest, lien or other encumbrance of like nature in the Collateral to a party other than Seller or other governmental body; or

(k) Discontinue any substantial part, or change the nature of the business of the Buyer.

Notwithstanding anything herein otherwise stated, it is understood and agreed that with respect to an Event of Default pursuant to subparagraph 7(a), such default shall be cured upon payment of the overdue amount within the Grace Period, and in such event the interest and late charge then due shall not be subject to the Default Rate. Except with respect to any Event of Default for which a grace period or right to cure has been otherwise provided, an Event of Default pursuant to subparagraphs 7(d) or 7(e) may be cured by Buyer by correction thereof to Seller's reasonable satisfaction within thirty (30) days after written notice of such Event of Default from Seller to Buyer, provided that such Event of Default is curable under the Transaction Documents. The aforesaid cure periods, however, shall not affect the imposition or collection of any late charge or interest at the Default Rate, and shall not postpone the time at which any late charge or interest at the Default Rate shall be imposed.

#### 8. **Remedies upon an Event of Default** -

(a) Upon any Event of Default, Seller (and subject to applicable right to cure or Grace Period, if any) may, at its sole discretion, accelerate and declare payable immediately the entire balance of the Obligations. In such event, the entire unpaid balance of the principal sum, with interest accrued thereon at the rates hereinbefore specified to the date of said Event of Default, and thereafter at a rate of three percent (3%) above the interest rate otherwise payable under the terms of this Note (the "Default Rate"), and all other sums due by Buyer hereunder, shall, at the option of Seller and, except as required by the last paragraph of Section 7, above, without notice to Buyer, become due and payable immediately, anything herein to the contrary notwithstanding. Payment of the same may be enforced and recovered in whole or in part at any time by one or more of the remedies provided to Seller in this Note. Interest shall continue to accrue after entry of judgment by confession or otherwise at the contractual interest rate applicable hereunder until all sums due under this Note and under any judgment are paid.

(b) Upon any Event of Default (and subject to the applicable right to cure or Grace Period, if any), and provided Seller gives reasonable notice to Buyer, Seller may immediately exercise the right of setoff and any other rights or remedies granted herein, or under applicable law, or which it may otherwise have, against Buyer for Seller's obligations, if any, under any of the Transaction Documents. Setoff shall be deemed to have occurred immediately after any default in payment whether or not any book or accounting entry shall have been made. No delay or failure by Seller in exercising any of its rights or remedies hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise of any other right or remedy.

(c) Following the date of said Event of Default (and subject to the applicable right to cure or Grace Period, if any), and also following entry of any judgment hereunder, interest at the Default Rate shall accrue and compound on the principal balance due and on all charges, assessments, costs and fees then or thereafter due hereunder (without limitation on any portion of the Obligations that may be paid through any plan of reorganization confirmed by any court having jurisdiction and notwithstanding any legal moratorium on payment or any delay in payment ordered or permitted by any court). In such case, Seller may also recover all costs of suit, collection, and execution and other expenses in connection therewith (including, but not limited to, costs and reasonable attorney's fees incurred in any suit, collection, execution, insolvency or bankruptcy proceeding, or any negotiations related thereto, involving the Obligations).

After the occurrence of any Event of Default, Seller may exercise any and all rights and remedies set forth in the Transaction Documents or otherwise available under applicable law.

**THE FOLLOWING PARAGRAPH SETS FORTH A WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE BUYER. IN GRANTING THIS BUYER OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE BUYER, THE BORROWER KNOWINGLY, INTELLIGENTLY AND VOLUNTARILY, AND, ON THE ADVICE OF COUNSEL, UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS THE BUYER MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.**

**AFTER THE OCCURRENCE OF ANY EVENT OF DEFAULT, THE BUYER AUTHORIZES AND EMPOWERS ANY ATTORNEY OF ANY COURT OF RECORD OF PENNSYLVANIA OR ELSEWHERE TO APPEAR FOR AND ENTER JUDGMENT AGAINST THE BUYER FOR THE OBLIGATIONS THEN UNPAID, PLUS COSTS OF SUIT AND REASONABLE ATTORNEYS' FEES, WITH OR WITHOUT DECLARATION OR STAY OF EXECUTION, AND WITH RELEASE OF ERRORS, FOR WHICH THIS NOTE OR A COPY HEREOF SHALL SERVE AS A SUFFICIENT WARRANT. THIS POWER TO ENTER JUDGMENT BY CONFESSION SHALL NOT**

**BE EXHAUSTED BY ANY EXERCISE AND SHALL CONTINUE UNTIL FULL PAYMENT OF ALL AMOUNTS DUE UNDER THIS NOTE.**

The Buyer acknowledges and agrees that (a) the foregoing warrant of attorney to confess judgment is being executed in connection with a commercial transaction, (b) the Seller's confession of judgment in accordance with the foregoing warrant of attorney and following an Event of Default would be in accordance with the Buyer's reasonable expectations, and (c) the Seller does not and, in regards to the obligations or the Transaction Documents, shall not have any of the duties to the Guarantor set forth in 20 Pa.C.S.A. §5601.3(b).

9. **Rights and Remedies Cumulative** - The rights and remedies of Seller as provided in this Note shall be cumulative and concurrent and may be pursued separately, successively, or together against Buyer at the sole discretion of Seller, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof. Any failure by Seller to insist upon strict performance by Buyer, or any other Obligor, of any of the terms and provisions of this shall not be deemed to be a waiver of any of the terms or provisions thereof, and Seller shall have the right thereafter to insist upon strict performance by any Buyer.

10. **Waivers** -

(a) Seller shall not by any act of omission or commission be deemed to waive any of its rights or remedies hereunder unless such waiver be in writing and signed by Seller and then only to the extent specifically set forth therein; a waiver on one event shall not be construed as continuing or as a bar to or waiver of such right or remedy on a subsequent event.

(b) The Obligations of Buyer hereunder shall be absolute and unconditional without regard to the liability of any other party and shall remain in full force and effect without regard to, and shall not be released, discharged, or in any way affected by: (i) any amendment or modification of or supplement to any instrument or agreement made at any time with the Buyer or any other Obligor with respect to any Obligation owed to Seller (other than a written agreement or modification to this Note between Buyer and Seller specifically providing for any such release or discharge); (ii) any exercise or non-exercise of or delay exercising any right, remedy, power, or privilege under or in respect to this Note (even if such right, remedy, power, or privilege shall be lost thereby), or any waiver, consent, indulgence, or other action or inaction with respect thereof; (iii) any waiver, removal, release, satisfaction, modification, or compromise of any rights or claims which Seller may have against Buyer or any other Obligor (other than a written waiver, removal, release, satisfaction, modification, or compromise between Buyer and Seller specifically providing for any such release or discharge); (iv) any extension of time for payment or performance of any Obligation.



11. **EXCLUSIVE JURISDICTION** - IN ANY LEGAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER ARISING OUT OF OR RELATED TO THIS NOTE OR THE RELATIONSHIP EVIDENCED HEREBY, THE BUYER HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURT OF COMMON PLEAS OF LANCASTER COUNTY, PENNSYLVANIA, AND THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA. THE BUYER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND THE BUYER HEREBY WAIVES ANY OBJECTION WHICH THE BUYER MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, OR FORUM NON CONVENIENS. THE BUYER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT, AND ANY OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT, AND ANY OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE BUYER AT THE ADDRESS SET FORTH ABOVE AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE PROVIDING OF NOTICE IN ACCORDANCE WITH THE TERMS HEREOF. NOTHING IN THIS NOTE SHALL BE DEEMED OR OPERATE, TO AFFECT THE RIGHTS OF THE SELLER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW, OR TO PRECLUDE THE ENFORCEMENT BY THE SELLER OF ANY CLAIM OR ANY JUDGMENT OR ORDER OBTAINED IN SUCH FORUM, OR THE TAKING OF ANY ACTION UNDER THIS NOTE OR OTHERWISE TO ENFORCE SAME, IN ANY OTHER APPROPRIATE FORUM OR JURISDICTION.

12. **Commercial Loan** - Buyer warrants that the Loan evidenced by this Note was obtained solely for the purpose of carrying on or acquiring a business or commercial investment or activity.

13. **Miscellaneous** -

(a) **Definitions** –

(i) The words “Buyer,” “Obligor,” and “Seller” include singular and plural, individual or corporation, and the respective heirs, executors, administrators, successors, and assigns of Buyer or Seller, as the case may be. The use of any gender applies to all genders. If more than one party is named as Buyer, the obligation hereunder of each party is joint and several.

(ii) “Obligations” means the indebtedness evidenced by this Note, including any past, present, or future advances, renewals, extensions, modifications, interest, late charges, costs, and fees of any type, and any and all other indebtedness of Buyer to Seller and any obligations of Buyer under the Transaction Documents, direct or indirect, due or to become due, now existing or hereafter contracted, of any nature whatsoever.

(iii) “Obligors” means the Buyer and any other person or entity liable for the payment of all or any part of the Obligations as well as any person or entity granting Seller a security interest in property, real or personal, to secure payment or performance of all or any of the Obligations.

(b) Binding Effect; Invalidity - All of the terms and provisions hereof inure to and are binding upon the heirs, executors, administrators, successors, representatives, receivers, trustees, and assigns of the parties. The invalidity or unenforceability of any portion hereof shall not affect the remaining portions hereof, and in the case of such invalidity, this Note shall be construed as if such portion had not been inserted.

(c) Governing Law - This Note has been delivered in and shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

(d) Headings - The headings preceding the various paragraphs and subparagraphs of this Note are inserted for convenience of reference and shall not alter the meaning of the provisions hereof.

(e) Performance - The prompt and faithful performance of all of Buyer’s obligations hereunder, including without limitation the time of payment, is of the essence of this Note.

(f) Assignment - This Note shall be binding upon and inure to the benefit of the Seller and their respective successors and assigns, it being understood that Buyer may not assign its rights or obligations under this Note without the prior written consent of the Seller. Seller may assign this Mortgage to East Donegal Township without Buyer’s consent.

14. Notices -

(a) All notices or other communications required or permitted to be made upon any party hereunder shall be in writing and sent by (i) hand delivery, or (ii) national overnight express courier with written verification of actual delivery, or (iii) by first-class, United States mail, postage prepaid, registered or certified with return receipt requested. Such notice shall be delivered or sent to the address set forth in the Purchase Agreement or at such other address of which either party shall have given the other by notice in writing in accordance with the foregoing.

(b) Notice sent by overnight courier or mailed in accordance with the foregoing shall be effective three (3) business days following deposit, or sooner upon receipt. Notice given in any other manner permitted herein shall be effective only if and when received by the addressee.

(c) Notice given to either party by the attorney for the other party shall constitute notice from such party (and the attorneys for each party are hereby permitted to give such notice to the other party on behalf of their clients). Failure to provide copies of any notice to counsel as provided above shall not invalidate or limit the effect of such notice.

[Signature Page Follows]

IN WITNESS WHEREOF, the Buyer has executed this Note the day and year first above stated.

Witness/Attest:

\_\_\_\_\_

BUYER  
Columbia Water Company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Signature Page to Promissory Note]

EXHIBIT A  
Amortization Schedule

Exhibit "C"

**Prepared By/**

**Return To:** Daniel T. Desmond, Esquire  
Barley Snyder  
126 East King Street  
Lancaster, PA 17602

**Property Addresses:** \_\_\_\_\_

**Parcel Nos:** \_\_\_\_\_

**OPEN-END MORTGAGE AND SECURITY AGREEMENT**

THIS OPEN-END MORTGAGE and SECURITY AGREEMENT (“**Mortgage**”), is made this \_\_\_ day of \_\_\_\_\_, 2021, by **COLUMBIA WATER COMPANY**, a Pennsylvania corporation (“**Mortgagor**”) in favor of **EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY**, a Pennsylvania municipal authority (“**Mortgagee**”).

**BACKGROUND**

A. Mortgagee has made available to Mortgagor a loan in the amount of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000.00), which indebtedness is evidenced by a Promissory Note in the original principal amount of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000.00) dated as of even date herewith and executed by Mortgagor in favor of Mortgagee (the “**Note**”), and issued pursuant to a Water Production and Distribution System Sale and Purchase Agreement between Buyer and Seller dated as of \_\_\_\_\_, 2021 among Mortgagor and Mortgagee (the “**Purchase Agreement**”). This Mortgage is the “Mortgage and Security Agreement” referred to in the Purchase Agreement and attached thereto as Exhibit C.

B. The Note, the Purchase Agreement and all other documents to be delivered by Mortgagor (and/or its affiliates) to Mortgagee or caused to be delivered by Mortgagor (and/or its affiliates) to Mortgagee are collectively referred to in this Mortgage as the “**Transaction Documents**”.

C. Mortgagor desires to secure payment and performance of the amounts due under the Note and the performance of all other covenants, conditions, terms and provisions contained in this Mortgage.

D. Mortgagor is the owner of certain real estate located in East Donegal Township, Lancaster County, Pennsylvania as more fully described in Exhibit A attached to this Mortgage (collectively, the “**Premises**”).

E. Mortgagor is also the owner of the Assets (as defined in the Purchase Agreement) purchased from Mortgagee pursuant to the Purchase Agreement, as more fully described therein (the “**Assets**”).

NOW, THEREFORE, incorporating the foregoing recitals as a material part of this Mortgage and intending to be legally bound hereby, Mortgagor for the purpose of securing the payment and performance of the following liabilities (the “**Liabilities**”): (a) all amounts due or to become due under the Note and any renewals, modifications or extensions thereof; (b) any present or future amounts advanced by Mortgagee pursuant to any of the provisions of this Mortgage, the Note, or any other document evidencing the Liabilities; and (c) any other amounts recoverable by Mortgagee, and all other obligations of Mortgagor and its affiliates under the Note, this Mortgage, or any other documents evidencing the Liabilities or in any extension, renewal or modification thereof which wholly or partly secure the Note;

AND IN CONSIDERATION of the Liabilities and according to the conditions of the Note and in discharge thereof, in consideration of the further amount of One Dollar (\$1.00) in hand paid by Mortgagee, receipt whereof is hereby acknowledged, Mortgagor has granted, bargained, sold, alienated, released, conveyed and confirmed and by these presents does grant, bargain, sell, alien, release, convey and confirm to Mortgagee, its successors and assigns, the Premises, including any structures and improvements erected on the Premises, as well as all alterations, additions, and improvements now or hereafter made to the Premises (the “**Improvements**”);

TOGETHER WITH all machinery, appliances, apparatus, equipment, fittings, fixtures, furniture, furnishings, inventory, goods, and articles of personal property of every kind and nature whatsoever owned by Mortgagor, now or hereafter located on, about, under or in the Premises or the Improvements or at any time erected thereon, without regard to whether the same may be affixed to the Premises or Improvements, at any time or from time to time, and used or usable in connection with any present or future operation and/or occupancy of the Improvements, and all parts and accessories therefor and all substitutions and replacements thereon, and the cash and non-cash proceeds of all of the foregoing, including but not limited to the proceeds of any policy or policies of insurance thereon (collectively the “**Equipment**”); and

TOGETHER WITH all awards, decrees and settlements made to or for the benefit of Mortgagor by reason of damage to, destruction of or taking of the Premises or any part thereof or any Improvements or any Equipment, whether such award shall be made by reason of the exercise of the right of eminent domain or otherwise, or by any public or private authority, tribunal, corporation or other entity or by any natural person (the “**Awards**”), and upon the occurrence of an Event of Default as defined in this Mortgage, Mortgagee is irrevocably appointed agent and attorney-in-fact for Mortgagor to collect and receive the Awards, to appear in and prosecute any proceedings therefor and to give receipts and acquittances thereof; and

TOGETHER WITH all right, title and interest now owned or hereafter acquired by Mortgagor, in and to all leases and other agreements affecting the use or occupancy of any portion or all of the Premises or Improvements, whether heretofore or hereafter executed, and all rights of Mortgagor to payment under any such lease or agreement, including without limitation any deposits, rents (including additional rent), income, receipts, revenues, issues and profits, now



or hereafter due (collectively the “**Leases**”); and

TOGETHER WITH all right, title and interest now owned or hereafter acquired by Mortgagor, in and to all rights, covenants, privileges, tenements, hereditaments, appurtenances and awards belonging to the Premises or any part thereof, or in any way appertaining thereto, and all streets, roads, lanes, alleys, passages, ways, water courses, and all leasehold estates, easements, licenses, privileges, agreements and covenants now existing or hereafter created for the benefit of Mortgagor, or any subsequent owner or tenant of the Premises over ground adjoining the Premises, all rights to enforce the maintenance thereof, and all other rights, liberties, and privileges of whatsoever kind or character, and the reversions and remainders, income, rents, issues, profits, fees, payments, grants, franchises, concessions and operating privileges arising therefrom, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law or in equity, of Mortgagor in and to the Premises or any part thereof, together with all of Mortgagor’s contract rights, accounts and general intangibles (the “**Hereditaments**”); and

All Improvements, Equipment, Leases and Hereditaments are declared and shall be deemed to be fixtures and a part of the Premises as between Mortgagor and Mortgagee, their respective successors and assigns, and all persons, including creditors, claiming by, through or under them or any of them, it being the intention of Mortgagor and Mortgagee that the Liabilities shall be secured inter alia, by the Improvements erected on the Premises as furnished and equipped and that all articles of real, personal or fixed property, furniture, furnishings, machinery and equipment as well as all building materials and plans, drawings and specifications, and contracts owned by Mortgagor or in which Mortgagor has an interest, necessary or useful for any purpose to which such Improvements are now or hereafter put, which may at any time hereafter be in, on or about the Premises, not limited to those enumerated above, as well as the proceeds thereof, shall be deemed to be a part of the security for the Liabilities and subject to the lien of this Mortgage. This Mortgage shall also constitute a security agreement under the Pennsylvania Uniform Commercial Code so that Mortgagee shall have and may enforce a security interest, to secure payment of the Liabilities, in the Improvements, Equipment, Awards, Leases, Hereditaments, and other articles of real, personal or fixed property in addition to (but not in limitation of) the lien upon the Premises imposed by the foregoing provisions hereof, such security interest to attach at the earliest moment permitted by law and also to include and attach to all of the following as they may relate to the Assets, being such contract rights, accounts, leases, chattel paper, instruments, receivables, revenues derived from the System (as such term is defined in the Purchase Agreement and without limiting any other rights to accounts and receivables as set forth herein), proceeds, including but not limited to, insurance proceeds, any policy or policies of insurance thereon and general intangibles of Mortgagor obtained in connection with or relating to the operation, construction and maintenance of the Premises, whether now existing or hereafter arising, as well as any and all additions, accessions and attachments to the foregoing and all substitutions and replacements of the foregoing now existing or hereafter acquired (the “**Article 9 Collateral**”). Mortgagor shall execute, deliver, file and refile any financing statements, continuation statements, or other security agreements Mortgagee may require from time to time to perfect, conform, preserve and maintain the validity and priority of this security interest, and without limiting these covenants, Mortgagor irrevocably appoints Mortgagee, attorney-in-fact for Mortgagor to execute, deliver and file such financing statements and other documents for, or on behalf of Mortgagor with such appointment being

coupled with an interest.

TO HAVE AND TO HOLD the Premises, together with the Assets, Improvements, Equipment, Awards, Leases, Hereditaments and Article 9 Collateral, to Mortgagee, its successors and assigns, forever (all the property of whatever kind secured by this Mortgage, shall be referred to as the “**Mortgaged Property**”).

PROVIDED ALWAYS, that if Mortgagor shall pay or cause to be paid to Mortgagee, the Liabilities and all other indebtedness secured by this Mortgage, and Mortgagor shall perform and comply with all the agreements, conditions, covenants, provisions and stipulations contained in this Mortgage and the Note, then this Mortgage and the estate granted shall cease, determine and become void, and Mortgagor shall pay all satisfaction costs, including without limitation the cost of preparing, recording and acknowledging the satisfaction of this Mortgage in order to effectuate the foregoing.

Mortgagor represents, warrants and covenants as follows:

1. Title. As of the date of this Mortgage: (a) Mortgagor has good and marketable title to an indefeasible fee estate in the Mortgaged Property free and clear of all liens and encumbrances except those in favor of Mortgagee or as approved by Mortgagee and disclosed to Mortgagee in writing; (b) this Mortgage is and shall remain a first-position, valid and enforceable lien on the Mortgaged Property; (c) Mortgagor has full power and lawful authority to create this Mortgage on the Mortgaged Property and there is no restriction or limitation on the right of Mortgagor to encumber the Mortgaged Property as intended by this Mortgage; and (d) Mortgagor shall preserve such title and shall forever warrant and defend the validity and first-position priority of the lien of this Mortgage against the claims of all persons and entities whomsoever claiming by, through or under Mortgagor.

2. Payment and Performance. Mortgagor shall punctually pay the Liabilities and all other indebtedness secured by this Mortgage, in the amounts and at the times and places that the same may be due, and perform and comply with all of the terms, covenants, conditions and obligations contained in this Mortgage and the Note.

3. Taxes and Other Charges. Subject to the terms of this Mortgage, Mortgagor shall pay or cause to be paid all taxes of every kind and nature which may become a lien against any part of the Mortgaged Property, all general and special assessments, water and sewer rents and charges, and all levies, permits, inspection and license fees and other public charges now or hereafter levied or assessed against the Mortgaged Property as liens or assessments (individually called a “**Tax**” and collectively called the “**Taxes**”) as the same shall become due and payable from time to time; provided, however, that Mortgagor shall not be required to pay any Tax to the extent that nonpayment thereof is permitted while the validity thereof is being contested, Mortgagor notifies Mortgagee in writing of its intention to contest the validity thereof, the validity thereof is being contested diligently and in good faith by Mortgagor and Mortgagor deposits into an escrow account if Mortgagee so requests an amount sufficient to make such payment if the contest is unsuccessful. Notwithstanding the foregoing, Mortgagor shall under no circumstances permit the Mortgaged Property to be sold for nonpayment of any Tax.

4. Insurance. Mortgagor shall maintain such types of insurance on the Mortgaged Property as Mortgagee may reasonably require from time to time. Such insurance shall include, but may not be limited to, the following:

(a) Commercial general liability insurance on an “occurrence basis” against claims for “personal injury”, including bodily injury, death and property damage occurring on, in or about the Mortgaged Property or the adjoining streets, sidewalks, passageways, alleys, driveways, easements, vaults, way or water courses, with minimum coverage as may be reasonably required by Mortgagee. Each policy of such insurance shall contain an endorsement naming Mortgagee as mortgagee, loss payee and additional insured.

(b) Property insurance on an all-risk form in an amount satisfactory to Mortgagee upon all of the real and personal property including without limitation sprinkler, boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery and pressure piping, and sprinkler, fire extinguishing, heating, air conditioning, elevator and escalator systems (to the extent that such systems exist and are part of the Mortgaged Property), with insurance companies permitted to insure risks in Pennsylvania, satisfactory to Mortgagee, naming Mortgagee as mortgagee, loss payee and additional insured with loss adjustment clause.

(c) Such other insurance as may be reasonably required by Mortgagee.

(d) All of the above described insurance policies shall have the standard mortgagee and loss payee clauses attached in a form reasonably satisfactory to Mortgagee and copies of such policies, certificates and endorsements thereto shall be delivered to and held by the Mortgagee until the Liabilities are fully repaid. Each of the above-described insurance policies shall contain a provision that it cannot be amended, modified, canceled or terminated without giving thirty (30) days’ prior written notice to Mortgagee. In the event Mortgagor receives notice that any such insurance will lapse, be terminated or otherwise become unavailable, then Mortgagor shall, prior to the date of such lapse, termination or unavailability, provide replacement policies in form and substance similar to that previously in place in the same principal amount of such prior policy of insurance. No less than thirty (30) days prior to any date upon which any premium or installment thereof for such insurance shall be due and payable, Mortgagor shall deliver to Mortgagee satisfactory evidence that the entire year’s premiums have been paid, and further, not less than thirty (30) days prior to the expiration of any insurance policy, Mortgagor shall deliver to Mortgagee satisfactory evidence of the renewal of such policies.

(e) Mortgagor shall notify Mortgagee in writing immediately upon the occurrence of any loss required to be insured under this Mortgage. If Mortgagor fails to diligently proceed to do so, Mortgagee may settle all claims under all property insurance policies and may demand, receive and give receipt for all monies becoming payable thereunder. Mortgagor directs any insurer to pay directly to Mortgagee any monies payable under any property insurance policy, and Mortgagor appoints Mortgagee as attorney-in-fact to endorse any draft therefor.

(f) In the event Mortgagor fails to cause the insurance policies in this paragraph to be written and pay the premiums therefor and deliver such policies and renewal certificates thereof to Mortgagee upon Mortgagee’s request (notwithstanding Mortgagee’s right to declare an

Event of Default), Mortgagee shall nevertheless have the right, without being obligated to do so, to effectuate such insurance and pay the premiums therefor. All such premiums paid by Mortgagee shall be repaid by Mortgagor to Mortgagee on demand, together with any interest at the rate specified in the Note from the date such payment was made, and the aggregate amount thereof, including such interest, shall become part of the Liabilities.

(g) Mortgagor shall comply with and conform to (i) all provisions of each insurance policy and (ii) all requirements of the insurers, applicable to Mortgagor or the Mortgaged Property or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of any of the Mortgaged Property, even if such compliance necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Mortgaged Property. Mortgagor shall not use any of the Mortgaged Property in any manner which would permit the insurer to cancel any insurance policy.

(h) In the event that the Mortgaged Property is partially or totally damaged or destroyed, the insurance proceeds shall be paid to the Mortgagee. Mortgagor shall have the right to use the insurance proceeds to reconstruct, repair or restore the damaged portion of the Mortgaged Property under the following conditions:

- (i) There is no existing Event of Default as defined in this Mortgage;
- (ii) Mortgagor presents Plans and Specifications for the proposed reconstruction, repair and restoration of the Mortgaged Property, in a form satisfactory to Mortgagee;
- (iii) The insurance proceeds are deposited into escrow with Mortgagee plus any other additional amounts necessary to reconstruct, repair or restore the Mortgaged Property; and
- (iv) Mortgagor uses the monies on deposit with Mortgagee in accordance with guidelines as may be reasonably established at that time by Mortgagee.

In the event these conditions are not complied with, Mortgagee may apply the insurance proceeds on account of the Liabilities.

(i) If Mortgagee shall acquire title to the Mortgaged Property either by virtue of a deed in lieu of foreclosure or a judicial sale of the Mortgaged Property, then all of Mortgagor's estate, right, title and interest in and to all such policies, including unearned premiums on such policies and the proceeds of such policies, shall vest in Mortgagee.

5. Preservation of Lien. Mortgagor shall pay from time to time as and when the same shall become due, all claims and demands of any persons or entities which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property, and in general shall do or cause to be done everything necessary so that the lien hereof shall be fully preserved as a lien second only to liens in favor of Mortgagee, provided, however, that (i) Mortgagor shall not be required to pay any claims or demands to the extent that nonpayment thereof is permitted while the validity thereof is being contested, Mortgagor notifies Mortgagee in writing of its intention to contest the validity thereof, the validity thereof is being contested diligently and in good faith by

Mortgagor, and Mortgagor deposits into an escrow account if Mortgagee so requests, an amount sufficient to make such payment if the contest is unsuccessful, and (ii) Mortgagor shall be permitted to incur Subordinate Liens (as defined in Section 11). Notwithstanding the foregoing, Mortgagor shall under no circumstances permit the Mortgaged Property to be sold for nonpayment of any claim or demand.

6. No Transfer of Title. Mortgagor shall not cause any transfer of legal or equitable interest, rights or title in or to the Mortgaged Property or any part thereof, voluntarily or by operation of law (other than by execution on any of the Liabilities or foreclosure under this Mortgage); including, without limitation, by sale, exchange, conveyance, merger, consolidation or otherwise.

7. Future Advances. This Mortgage shall also cover present and future advances made pursuant to this Mortgage and the Note including, but not limited to, payment of costs for the construction, renovation, repair or alteration of Improvements to the Mortgaged Property, taxes, assessments, maintenance charges, insurance premiums and other costs incurred for the protection of the Mortgaged Property or the lien of this Mortgage and expenses incurred by Mortgagee by reason of default including but not limited to attorney's fees and late charges. Such advances shall become part of the Liabilities and shall relate back to the date of this Mortgage.

8. Condemnation. In the event that the whole or any part of the Mortgaged Property secured by this Mortgage is condemned or taken for any period of time, or there is any other injury to or decrease in value of the Mortgaged Property as a result of any public or quasi-public authority or corporation exercising the power of eminent domain or otherwise, all amounts awarded as damages for such condemnation or taking to which Mortgagor is entitled shall be paid over immediately to Mortgagee for the benefit of Mortgagor. Mortgagee may participate in the condemnation proceedings and settlement thereof, and deduct the reasonable costs of same from these proceeds. If Mortgagor fails to proceed in a timely manner, Mortgagee may settle all condemnation proceedings and may demand, receive and receipt for all monies becoming payable under such settlements and proceedings. Mortgagor irrevocably appoints Mortgagee as attorney-in-fact to endorse any draft or other instrument therefor, for, or on behalf of, Mortgagor with such appointment being coupled with an interest. Mortgagee shall have the discretion as to whether or not it shall apply the condemnation proceeds to the reconstruction or restoration of the condemned portion or other portion of the Mortgaged Property affected by such condemnation; otherwise, Mortgagee shall apply the proceeds or any excess proceeds toward the payment of the Liabilities.

9. Maintenance and Repair. Mortgagor shall cause the Mortgaged Property to be maintained in good order, condition and repair (normal wear and tear excepted), and shall not commit or suffer waste with respect thereto. The Improvements and the Equipment shall not be removed, demolished or materially altered other than in the normal course of business without prior written consent of Mortgagee which consent shall not be unreasonably withheld or delayed, and any such removal, demolition or alteration shall not materially reduce the value of the Improvements or Equipment. Mortgagor shall promptly and at all times comply with all laws, orders, ordinances, regulations, restrictions and requirements of governmental authorities and courts applicable to Mortgagor or affecting the Mortgaged Property or the use thereof.

10. Leases, Licenses and Other Agreements. Other than leases, licenses and other agreements relating specifically to the development of the Premises, or in the ordinary course of its business, Mortgagor shall not enter into any lease, license or similar agreement relating to the Mortgaged Property without the prior written consent of Mortgagee. Nothing in this Section 10 shall be interpreted to prohibit Mortgagor from, or otherwise require Mortgagor to obtain the prior written consent of Mortgagee for, the replacement or substitution of an existing Lease and/or otherwise modification or amendment to an existing Lease, so long as the terms of such new Lease and/or modification/amendment are in the ordinary course of Mortgagor's business.

11. No Superior Liens. Mortgagor shall not, without the prior written consent of Mortgagee, create, cause or permit to exist any lien on, or security interest in the Mortgaged Property, and shall not, except in the ordinary course of its business, without the prior written consent of Mortgagee, incur any indebtedness for money borrowed to purchase or improve the Mortgaged Property or any part thereof, except for the Liabilities; provided, however, that Mortgagor may, without Mortgagee's prior written consent, create, cause or permit to exist a lien or security interest in the Mortgaged Property subordinate to Mortgagee's in connection with indebtedness being financed to make improvements to the Mortgaged Property, and provided that Mortgagor is not then in default under any of the Transaction Documents, including, without limitation, Section 8(c) of the Purchase Agreement (a "Subordinate Lien").

12. Required Notice. Mortgagor shall give Mortgagee prompt written notice of any action or proceeding purporting to affect the Mortgaged Property including, without limitation, the following:

(a) A fire or other casualty causing damage to the Mortgaged Property in excess of Ten Thousand Dollars (\$10,000.00);

(b) Receipt of notice of condemnation of all or any portion of the Mortgaged Property;

(c) Commencement of any legal or governmental proceeding, or any threat thereof, the outcome of which could materially or adversely affect (i) the Mortgaged Property or the use thereof or (ii) Mortgagor's financial condition. Mortgagee shall have the right to appear in or defend any such action or proceeding to the same extent as Mortgagor at Mortgagee's expense unless there has occurred and is continuing an Event of Default as defined in this Mortgage in which case, Mortgagor shall pay the costs and expenses incurred by Mortgagee. Furthermore, Mortgagee shall have the right to bring any action or proceeding, in the name and on behalf of itself or Mortgagor, which Mortgagee, in its discretion, decides should be brought to protect its interest in the Mortgaged Property or any part thereof at Mortgagee's expense unless there has occurred and is continuing an Event of Default as defined in this Mortgage in which case, Mortgagor shall pay the costs and expenses incurred by Mortgagee; and

(d) Any Event of Default (as defined herein) or any default of Mortgagor under any provision of the Transaction Documents.

13. Mortgagee's Right to Cure. Mortgagee may, at Mortgagee's election, cure any Event of Default by Mortgagor under this Mortgage or the Transaction Documents, including

without limitation the making of necessary repairs to the Mortgaged Property. The amount of any payments made or expenses incurred by Mortgagee in the exercise of such right shall be repayable on demand by Mortgagor, together with interest at the rate specified in the Note and/or Transaction Documents from the date such payment was made or such expense was incurred, and the aggregate amount thereof, including such interest, shall become part of the Liabilities.

14. Right to Inspect. After reasonable notice to Mortgagor, which notice may be verbal or written, Mortgagee and its agents may enter and inspect the Mortgaged Property or any part thereof at all reasonable times. However, after the occurrence of an Event of Default as defined in this Mortgage, Mortgagee and its agents may enter and inspect the Mortgaged Property or any part thereof without providing prior notice to Mortgagor.

15. Compliance With All Applicable Environmental Laws, Regulations and Ordinances. Mortgagor shall not bring or permit any lessee of all or part of the Mortgaged Property to bring any hazardous substance or waste onto the Mortgaged Property for storage, processing, distillation, treatment, manufacturing, disposal, release or any other purpose unless with Mortgagee's prior specific written consent, which consent may be withheld with or without just cause except substances classified as hazardous substances presently or in the future, which are used by Mortgagor or any lessee in the normal course of its business and are maintained, stored and used in accordance with all applicable federal, state and local laws, regulations and ordinances. Mortgagor shall comply with all applicable laws, regulations and ordinances, federal, state and local relating to the use and possession of the Mortgaged Property.

While Mortgagor has been in possession of the Mortgaged Property, to the best of Mortgagor's knowledge, there has been no use, manufacture, storage, treatment, disposal or release of any hazardous substance or waste on, under or about the Mortgaged Property in violation of any applicable law, nor does Mortgagor have actual knowledge of the existence of any such activities occurring on the Mortgaged Property prior to Mortgagor's possession of the Mortgaged Property which activities have not previously been disclosed in writing to the Mortgagee. To the best of Mortgagor's knowledge, neither Mortgagor nor the Mortgaged Property is the subject of pending or threatened litigation, regulatory proceedings, or investigations regarding any hazardous substance or waste or other activities conducted on or about the Mortgaged Property which have not been previously disclosed in writing to Mortgagee. As used in this Mortgage, "hazardous substance or waste" means any substance, pollutant or material which does not occur naturally on the Mortgaged Property and which is defined as or designated in any federal, state or local statute, ordinance, rule or regulation as a "hazardous substance", "toxic substance", "hazardous material", "hazardous waste", "restricted hazardous waste", "pollutant", "toxic pollutant" or words of similar meaning.

16. Indemnification by Mortgagor. Mortgagor agrees to defend, indemnify, and hold harmless Mortgagee, its directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees from and against any and all claims, demands, judgments, damages, actions, causes of actions, injuries, administrative orders, consent agreements and orders, liabilities, injuries, penalties, costs and expenses, including claims arising out of loss of life or injury to persons, property, or business and/or damage to natural resources occasioned wholly or in part by any condition, accident or event caused by any act or omission of Mortgagor or any third party which arises out of the actual or threatened storage, processing, distillation, treatment,

manufacturing, disposal, release or any other use of any hazardous substance or waste on, under or about the Mortgaged Property. Mortgagor shall bear, pay and discharge when and as the same become due and payable, any and all judgments or claims for damages, penalties or otherwise against Mortgagee, and shall hold Mortgagee harmless for such judgments or claims, and shall assume the burden and expense of defending all suits, administrative proceedings and negotiations of any description with any and all persons, political subdivisions or governmental agencies arising out of any of the occurrences set forth in this paragraph.

17. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under this Mortgage:

(a) Any "Event Of Default" under the Note;

(b) Mortgagor fails to comply with, keep and perform any other covenant, agreement or condition contained in this Mortgage or the Note (which default is not otherwise specifically addressed therein) and such noncompliance is not corrected within a period of thirty (30) days after written notice thereof by Mortgagee to Mortgagor; provided, however, if such failure is not capable of being cured within such thirty (30) day period, but Mortgagor has commenced and is diligently pursuing all efforts to cause such noncompliance to be corrected, the cure period shall be reasonably extended but in any case such failure to comply with the terms and provisions of this Mortgage or the Note shall become an Event of Default within ninety (90) days after the initial written notice by Mortgagee to Mortgagor of such noncompliance; and

(c) Foreclosure or sale proceedings are instituted against or with respect to any portion of the Mortgaged Property upon any other lien or claim, whether alleged to be superior or junior to the lien of this Mortgage.

18. Remedies. In addition to any other remedy maintained by Mortgagee, after the occurrence of an Event of Default:

(a) The Liabilities shall become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, all of which are expressly waived by Mortgagor.

(b) Mortgagee may institute appropriate proceedings at law or equity to collect the Liabilities or for specific performance of any of the covenants of Mortgagor under this Mortgage or the Note (and Mortgagor acknowledges that all such covenants may be specifically enforced by Mortgagee by injunction or other appropriate equitable remedy), or to recover damages for any breach thereof, or to foreclose this Mortgage and upon commencement of any such suit or any such foreclosure of this Mortgage, the Liabilities, if not previously declared due and payable in its entirety, shall at once become due and payable in its entirety.

(c) With demand upon Mortgagor for the surrender of possession, Mortgagee may enter upon and take possession of the Mortgaged Property, breaking locks if necessary and without liability for trespass, damages or otherwise and, upon so doing, Mortgagee may, in its discretion and in addition to any of its other rights, as mortgagee-in-possession, alter, improve, complete or repair the Mortgaged Property (and in so doing shall have the right to use the



Mortgaged Property and to expend such amounts for that purpose as Mortgagee shall deem best, all of which, with interest thereon at the rate specified in the Note and/or Note from date of payment, shall be repayable by Mortgagor on demand and shall be secured by this Mortgage), and operate, rent, sell or lease the same in the name of Mortgagor or Mortgagee upon such terms and conditions as Mortgagee shall deem best.

(d) Mortgagee may initiate an action for possession, dispossess any tenants, users or occupiers of the Mortgaged Property in default in the payment of any rent or other charge for the use thereof; Mortgagor irrevocably appoints Mortgagee attorney-in-fact for Mortgagor for such purposes. If Mortgagor remains in possession after demand by Mortgagee for surrender of possession of the Mortgaged Property, such continued possession by Mortgagor shall be as tenants of Mortgagee, and Mortgagor agrees to pay monthly in advance to Mortgagee such rent for the Mortgaged Property so occupied as Mortgagee may demand, and in default of so doing, Mortgagor may also be dispossessed. In case of the appointment of a receiver of the rents, the foregoing agreement of Mortgagor to pay rent shall inure to the benefit of such receiver.

**(e) MORTGAGOR IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OF RECORD, OR THE PROTHONOTARY OR CLERK OR DEPUTY CLERK OF ANY COURT IN THE COMMONWEALTH OF PENNSYLVANIA OR ELSEWHERE, AS ATTORNEY FOR MORTGAGOR, AS WELL AS FOR ALL PERSONS CLAIMING UNDER, BY OR THROUGH MORTGAGOR, TO ENTER JUDGMENT IN EJECTMENT FOR POSSESSION OF THE MORTGAGED PROPERTY, WITHOUT THE NECESSITY OF FILING ANY BOND AND WITHOUT ANY STAY OF EXECUTION OR APPEAL AGAINST MORTGAGOR AND ALL PERSONS CLAIMING UNDER, BY OR THROUGH MORTGAGOR, AND THEREIN CONFESS JUDGMENT FOR THE RECOVERY BY MORTGAGEE OF POSSESSION OF THE MORTGAGED PROPERTY FOR WHICH THIS INSTRUMENT (OR A COPY THEREOF VERIFIED BY AFFIDAVIT) SHALL BE A SUFFICIENT WARRANT; WHEREUPON A WRIT OF POSSESSION OR OTHER APPROPRIATE PROCESS TO OBTAIN POSSESSION OF THE MORTGAGED PROPERTY MAY BE ISSUED. MORTGAGOR RELEASES AND AGREES TO RELEASE MORTGAGEE AND ANY SUCH ATTORNEY FROM ALL PROCEDURAL ERRORS AND DEFECTS WHATSOEVER IN ENTERING SUCH ACTION OR JUDGMENT OR IN CAUSING SUCH WRIT OF PROCESS TO BE ISSUED OR IN ANY PROCEEDING THEREON OR CONCERNING THE SAME, PROVIDED THAT MORTGAGEE SHALL HAVE FILED IN SUCH ACTION AN AFFIDAVIT MADE ON MORTGAGEE'S BEHALF SETTING FORTH THE FACTS NECESSARY TO AUTHORIZE THE ENTRY OF SUCH JUDGMENT ACCORDING TO THE TERMS OF THIS MORTGAGE, OF WHICH FACTS SUCH AFFIDAVIT SHALL BE PRIMA FACIE EVIDENCE; AND IT IS EXPRESSLY AGREED THAT IF FOR ANY REASON AFTER ANY SUCH ACTION HAS BEEN COMMENCED, THE SAME SHALL BE DISCONTINUED, MARKED SATISFIED OF RECORD OR BE TERMINATED, OR POSSESSION OF THE MORTGAGED PROPERTY REMAIN IN OR BE RESTORED TO MORTGAGOR OR ANYONE CLAIMING UNDER, BY OR THROUGH MORTGAGOR, MORTGAGEE MAY, WHENEVER AND AS OFTEN AS MORTGAGEE SHALL HAVE THE RIGHT TO TAKE POSSESSION AGAIN OF THE MORTGAGED PROPERTY, CONFESS ONE OR MORE FURTHER JUDGMENTS IN EJECTMENT TO RECOVER POSSESSION**

**OF THE MORTGAGED PROPERTY, AND THE AUTHORITY AND POWER ABOVE GIVEN TO ANY SUCH ATTORNEY SHALL EXTEND TO ALL SUCH FURTHER JUDGMENTS IN EJECTMENT. MORTGAGEE SHALL HAVE THE RIGHT TO CONFESS JUDGMENT IN EJECTMENT WHETHER BEFORE OR AFTER AN ACTION OF MORTGAGE FORECLOSURE IS BROUGHT OR OTHER PROCEEDINGS IN EXECUTION ARE INSTITUTED UPON THIS MORTGAGE AND AFTER JUDGMENT THEREON AND AFTER A JUDICIAL SALE OF THE MORTGAGED PROPERTY.**

(f) **The Mortgagor acknowledges and agrees that (a) the foregoing warrant of attorney to confess judgment is being executed in connection with a commercial transaction, (b) the Mortgagee's confession of judgment in accordance with the foregoing warrant of attorney and following an Event of Default would be in accordance with the Mortgagor's reasonable expectations, and (c) the Mortgagee does not and, in regards to the obligations or the Transaction Documents, shall not have any of the duties to the Mortgagor set forth in 20 Pa.C.S.A. §5601.3(b).**

(g) With or without taking possession of the Mortgaged Property, Mortgagee may collect and receive all income, rents and profits thereof, and after deducting the reasonable cost of all alterations, improvements, repairs, completion, partial completion, operation, sale, rental, leasing, commissions and charges, including reasonable attorney's fees, incurred by Mortgagee, apply the net income to the Liabilities in such manner as Mortgagee in its discretion shall determine. Mortgagee shall be liable to account only for income, rents and profits actually received by Mortgagee.

(h) To the extent permitted by law and subject to the rights of tenants in security deposits, all deposits held in connection with the sale, rental, lease, license, or use of space or other facilities on the Mortgaged Property at the time of the occurrence of an Event of Default, all interest of Mortgagor in all premiums for, or dividends upon, any insurance for the Mortgaged Property, and all refunds or rebates of taxes and assessments upon the Mortgaged Property which are received by Mortgagor during the continuance of an Event of Default, are assigned to Mortgagee as further security for the payment of the Liabilities.

19. Remedies Cumulative, Etc.

(a) No right or remedy conferred upon or reserved to Mortgagee under this Mortgage or the Transaction Documents or with respect to the Mortgaged Property or now or hereafter existing at or in equity or by statute or other legislative enactment, is intended to be exclusive of any other such right or remedies and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued separately, concurrently, successively or otherwise, at the sole discretion of Mortgagee, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur. No act of Mortgagee shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of Mortgagee shall be separate, distinct and cumulative and none shall be given effect to the exclusion of any other. The failure to exercise or delay in exercising any such right or remedy, or the failure to insist upon strict performance of

any term of this Mortgage or the Transaction Documents shall not be construed as a waiver or release of the same, or of any default or Event of Default thereunder, or of any obligation or liability of Mortgagor thereunder.

(b) The recovery of any judgment by Mortgagee or the levy or execution under any judgment upon the Mortgaged Property shall not affect in any manner or to any extent the lien of this Mortgage upon the Mortgaged Property, or any security interest in any other collateral, or any rights, remedies or powers of Mortgagee under this Mortgage or the Transaction Documents or with respect to any collateral, but such lien and such security interest and such rights, remedies and powers of Mortgagee shall continue unimpaired as before. Further, the entry of any judgment by Mortgagee shall not affect in any way the interest payable under this Mortgage or the Transaction Documents on any amounts due to Mortgagee. Interest shall continue to accrue on such amounts at the rate specified in this Mortgage or the Transaction Documents after the entry of any judgment and continuing until distribution of the proceeds of any Sheriff's sale.

(c) Mortgagor waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, and all notices in connection with any default in the payment of, or any enforcement of the payment of, the Liabilities except as provided for in the Transaction Documents. To the extent permitted by law, Mortgagor waives the right to any stay of execution and the benefit of all exemption laws now or hereinafter in effect.

(d) Mortgagor agrees that Mortgagee may release, compromise, forbear with respect to, waive, suspend, extend or renew any of the terms of this Mortgage or the Transaction Documents and that Mortgagee may resort to any collateral in such order and manner as it may think fit, or accept the assignment, substitution, exchange or pledge of any other collateral or guarantee in place of, or release for such consideration, or none, as it may require, all or any portion of any collateral, without in any way affecting the validity of its lien over or other security interest in the remainder of any such collateral; and any action taken by Mortgagee pursuant to any of the foregoing shall in no way be construed as a waiver or release of any right or remedy of Mortgagee, or of any Event of Default, or of any liability or obligation of Mortgagor under this Mortgage or the Transaction Documents.

(e) To the extent permitted by law, Mortgagor shall not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advance of any stay or extension or moratorium law, or any exemption from execution or sale of the Mortgaged Property, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take, or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, prior to any sale or sales of any of Mortgagor's interest therein; nor, after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the Mortgaged Property so sold or any part thereof, and Mortgagor expressly waives all benefit or advantage of any such law or laws, and covenant not to hinder, delay or impede the execution of any power herein granted to Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor further waives, to the extent that they lawfully may, all right to have the Mortgaged Property marshalled upon any foreclosure hereof. Mortgagor further waives and releases all procedural errors, defects and

imperfections in any proceeding instituted by Mortgagee under this Mortgage or the Transaction Documents.

20. Costs and Expenses. Following the occurrence of any Event of Default, Mortgagor shall pay upon demand all reasonable costs and expenses (including attorney's fees) reasonably incurred by Mortgagee in the exercise of any of its rights, remedies or powers under this Mortgage or the Transaction Documents. Any amount not paid promptly following demand together with interest at the rate specified in the Note and/or Transaction Documents from the date of the payment of such cost or expense shall become part of the Liabilities.

21. Severability. In the event that for any reason one or more of the provisions of this Mortgage or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage.

22. Notice. Any notice required to be given under this Mortgage may be made by personal service by any nationally recognized courier service or by the United States mail, such notice shall be deemed effective when personally delivered, addressed to the Mortgagee and the Mortgagor at the addresses set forth in the Purchase Agreement.

23. Captions. The captions of the paragraphs in this Mortgage are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Mortgage.

24. Open-End Mortgage. This Mortgage is an Open-End Mortgage securing an open-end credit to Mortgagor of any kind or nature described in 42 Pa. C.S. Section 8144. This Mortgage secures to Mortgagee the repayment of the Liabilities. This Mortgage also secures the unpaid balances of advances made with respect to the Mortgaged Property for the payment of costs relating to the construction, renovation, alteration or repair of the Mortgaged Property, the payment of taxes, assessments, maintenance, insurance premiums or costs incurred for the protection of the Mortgaged Property or the lien of the Mortgage, late fees imposed under the provisions of the Transaction Documents and expenses incurred by the Mortgagee under the Transaction Documents, plus interest thereon as permitted by the Transaction Documents. This Mortgage further secures the performance of all covenants contained in the Note, and all extensions, renewals, modifications and amendments thereof.

25. Governing Law. This Mortgage shall be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania.

26. Exclusive Jurisdiction. Section 11 of the Note is hereby incorporated herein by reference with respect to this Mortgage.

27. Successors and Assigns. This Mortgage shall be binding upon and inure to the benefit of the Mortgagor, Mortgagee and their respective successors and assigns, it being understood that Mortgagor may not assign its rights or obligations under this Mortgage without

the prior written consent of the Mortgagee. Mortgagee may assign this Mortgage to East Donegal Township without Mortgagor's consent.

28. Waiver of Trial by Jury. Mortgagor agrees that any suit, action or proceeding, whether claim or counterclaim, brought or instituted by either Mortgagor or Mortgagee or any successor or assign of either Mortgagor or Mortgagee on or with respect to this Mortgage, or which in any way relates directly or indirectly to the Liabilities or any event, transaction or occurrence arising out of or in any way connected with the transaction contemplated by the Note, or the dealings of Mortgagor or Mortgagee with respect thereto, shall be tried only by a court and not by a jury. **Mortgagor hereby expressly waives any right to a trial by jury in any such suit, action or proceeding. Mortgagor acknowledges and agrees that this Paragraph 28 is a specific and material aspect of this Mortgage.**

[Signature Page Follows]

IN WITNESS WHEREOF, and intending to be legally bound, Mortgagor has caused this Mortgage to be duly executed on the day and year first above written.

**COLUMBIA WATER COMPANY**, a  
Pennsylvania corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I HEREBY CERTIFY that the address of the Mortgagee is:

East Donegal Township Municipal Authority  
117 South River Road  
P.O. Box 82  
Maytown, PA 17550

\_\_\_\_\_  
On behalf of the Mortgagee



**EXHIBIT "A"**

[DESCRIPTION OF PREMISES]



Exhibit "D"

ASSIGNMENT OF LEASE

This Assignment is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2021 by and among **East Donegal Township Municipal Authority**, a Pennsylvania municipal authority ("Assignor"), **Columbia Water Company**, a Pennsylvania corporation ("Assignee"), and **East Donegal Township**, a Pennsylvania second class township ("Landlord").

BACKGROUND:

Assignor entered into a Lease Agreement with Landlord on \_\_\_\_\_, 2021 (the "Lease") pursuant to which Assignor leased from Landlord a portion of Landlord's Storage Building (as defined in the Lease) referred to in the Lease as the "Leased Premises" located on Landlord's municipal campus along **Rock Point Road, East Donegal Township**, Lancaster County, Pennsylvania, as more fully set forth in the Lease (the "Premises"). A copy of the Lease is attached as Exhibit A and made a part hereof. Pursuant to that certain Water Production and Distribution System Sale and Purchase Agreement between Assignor and Assignee dated \_\_\_\_\_, 2021 (the "Purchase Agreement"), Assignor wishes to assign to Assignee all of its right, title, and interest under the Lease and Assignee wishes to accept such assignment under the terms and conditions set forth in this Assignment.

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

1. Assignor's and Landlord's Representations and Warranties. Assignor and Landlord each represent and warrant to each other and to the Assignee as follows:

(a) As of the date of this Assignment, the Lease is in full force and effect.

(b) The Lease attached as Exhibit A is a true, correct, and complete copy of the Lease which Assignor entered into with Landlord and there have been no amendments, modifications, or waivers that are not set forth in the exhibit.

(c) The current rent under the Lease is **\$5,000.00** per year, payable in equal semi-annual installments on January 1 and July 1 of each year.

(d) There is no security deposit.

(e) The persons signing this document have full legal authority to enter into this Assignment on behalf of and to bind the parties they represent.

2. Assignee's Representations and Warranties. Assignee represents and warrants to Landlord and Assignor as follows:

(a) Assignee is a corporation duly organized under the laws of Pennsylvania and has full corporate power to enter into this Assignment.

(b) The execution, delivery, and performance of this Assignment are within the corporate power of Assignee and have been duly authorized by all necessary corporate action by Assignee.

3. Assignment of Lease. Assignor hereby assigns to Assignee all of its right, title, and interest as tenant in, under, and to the Lease, including any extensions or renewals thereof.

4. Acceptance. Assignee hereby accepts the assignment of the Lease and agrees to be bound by all the terms, covenants, and conditions thereof as amended herein. Assignee hereby assumes the performance of all the terms, covenants, and conditions as tenant in the Lease, including any and all of Assignor's duties, liabilities, and obligations thereunder, arising or accruing from and after the date of this Assignment and, for the benefit of Assignor and Landlord, agrees to pay, perform, discharge when due, and otherwise satisfy in due course all of such obligations and liabilities of the tenant under and in accordance with the provisions of the Lease.

5. Landlord's Consent. Landlord hereby consents to the assignment of the Lease and releases Assignor of all of its duties, liabilities, and obligations thereunder.

6. Entire Agreement. This Assignment constitutes the entire agreement between the parties and may be modified or amended only by written instrument signed by the parties.

7. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

8. Parties In Interest. This Assignment shall be binding upon and shall

inure to the benefit of Landlord, Assignor, and Assignee and their respective heirs, personal representatives, successors, and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment the day and year first above written.

LANDLORD  
**East Donegal Township**

By: \_\_\_\_\_ (Seal)

Title: \_\_\_\_\_

ASSIGNOR  
**East Donegal Township Municipal Authority**

By: \_\_\_\_\_ (Seal)

Title: \_\_\_\_\_

ASSIGNEE  
**Columbia Water Company**

By: \_\_\_\_\_ (Seal)

Title: \_\_\_\_\_

Attach as Exhibit A the Lease.

**DISCLOSURE SCHEDULES  
TO  
SALE AND PURCHASE AGREEMENT**

**BY AND BETWEEN**

**EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY**

**AND**

**COLUMBIA WATER COMPANY**

**DATED AS OF May 7, 2021**

These Disclosure Schedules (the “**Schedules**”) have been prepared and are being delivered in connection with the execution and delivery of that certain Sale and Purchase Agreement, dated as of May 7, 2021 (the “**Agreement**”), by and between Columbia Water Company (“**Purchaser**”) and the East Donegal Township Municipal Authority (“**Seller**”).

The Schedules are arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in the Agreement. An item disclosed in one section or subsection of the Schedules will be deemed adequately disclosed in another part of the Schedules as an exception to another representation, warranty, covenant or agreement only to the extent that it is reasonably apparent from the nature of the disclosure that such disclosure is also an exception to such other representation, warranty, covenant or agreement.

The headings contained in the Schedules are for reference purposes only and shall not affect in any way the meaning or interpretation of the Schedules. The attachments referenced in the Schedules form an integral part of the Schedules and are incorporated by reference for all purposes as if set forth fully herein.

Capitalized terms used in these Schedules that are not defined herein have the meanings given them in the Agreement. No information contained in these Schedules shall be deemed to be an admission to any third party of any matter whatsoever (including, without limitation, any violation of law or breach of contract).

SCHEDULE 1(a)(iv)

ASSUMED CONTRACTS

- Waste Water Agreement by and between Seller and the East Donegal Sewer Authority dated May 21, 1990, as amended to date
- Site License Agreement by and between Seller and D&E/Omnipoint Wireless Joint Venture, L.P. dated September 14, 1999, as amended to date (T-Mobile)
- Agreement between Seller and BPD3, LLC dated September 23, 2020, as amended to date
- Lease Agreement between East Donegal Township and Seller for the Assigned Lease, which has been adopted and executed by the Seller and is anticipated to be adopted and executed by the Township at its May 6 meeting
- Verbal Salt Supply Contract between the Seller and Chemical Equipment Labs, Inc.
- Verbal Chlorine Supply Contract between the Seller and Univar Solutions

## SCHEDULE 2(a)(i)

### EQUIPMENT

- Meter Vault (for providing water to GSK; located along N. Decatur Street in East Donegal Township, Lancaster County).
- 100,000 gallon finished water storage tank and related vaults, valving and piping, complete.
- 300,000 gallon finished water storage tank and related vaults, valving and piping, complete.
- Nitrate treatment facility and all related treatment systems, support facilities, pumps, motors, instruments, tools, vaults, valving and piping, complete.
- Pump House No. 2 and Well No. 1, block and frame building, generator, pumps, motors, valves, and piping, complete.
- Approximately 24,730 feet of AC water main.
- Approximately 71,400 feet of DIP water main.
- Approximately 1,380 feet of PVC water main.
- Approximately 7,230 feet of raw water DIP water main.
- Approximately 4,245 feet of raw water PVC water main.
- Approximately 130 fire hydrants.
- Approximately 500 buried valves.
- Residential, commercial, and industrial meters and meter reading equipment.
- Various small vaults and pits throughout the distribution system.
- Miscellaneous tools, equipment and all other inventory located within the Spring House, Well No. 1, Well No. 2 and the Nitrate treatment plant.
- Miscellaneous pipe fittings, pipe repair supplies, and water system appurtenances located at Well No. 1.
- Miscellaneous water quality testing equipment and pipe locating equipment.
- XMark riding lawn mower, 12 ft trailer, Echo leaf blower, Echo weed wacker, Craftsman 1.5 HP air compressor, and miscellaneous hand tools.
- Easements, recorded and unrecorded, known and unknown.
- Emergency interconnection with Columbia Water Company.

SCHEDULE 2(a)(iii)

EASEMENTS AND RIGHTS-OF-WAY

(Attached)



East Donegal Township Municipal Authority

Schedule 2(A)(III) – Easements and Rights-of-Way

<b>Grantor</b>	<b>Grantee</b>	<b>Property Location</b>	<b>Recording Reference</b>	<b>Recording Date</b>
Jacob D. Strickler and Mary M. Strickler	East Donegal Township Municipal Authority	East Donegal Township	W-44-155	1/23/1956
Theodore H. Trone and Mary N. Trone	East Donegal Township Municipal Authority	East Donegal Township	W-44-156	1/23/1956
Donegal School District	East Donegal Township Municipal Authority	East Donegal Township	S-82-213	6/24/1981
East Donegal Township	East Donegal Township Municipal Authority	East Donegal Township	S-82-220	6/24/1981
David M. Garber and Edna H. Garber	East Donegal Township Municipal Authority	East Donegal Township	S-95-97	8/14/1986
George C. Desmond, t/d/b/a George C. Desmond Builder & Developer	East Donegal Township Municipal Authority	East Donegal Township	2755-695	10/18/1989
Donegal School District	East Donegal Township Municipal Authority	East Donegal Township	2771-148	11/3/1989
East Donegal Township	East Donegal Township Municipal Authority	East Donegal Township	2817-361	1/16/1990
George C. Desmond, t/d/b/a George C. Desmond Builder & Developer	East Donegal Township Municipal Authority	East Donegal Township	2987-89	9/4/1990
Roy A. Arnold, Jr. and Judith M. Arnold	East Donegal Township Municipal Authority	East Donegal Township	3049-303	12/10/1990
Harry R. Rebman and Rachel Rebman	East Donegal Township Municipal Authority	East Donegal Township	3097-268	3/7/1991
Donegal School District	East Donegal Township Municipal Authority	East Donegal Township	3305-168	11/20/1991

Lillian M. Johnstin	East Donegal Township Municipal Authority	East Donegal Township	3599-21	8/24/1992
Robert H. Lehman and Anna Ruth Lehman	East Donegal Township Municipal Authority	East Donegal Township	3616-568	9/9/1992
George C. Desmond	East Donegal Township Municipal Authority	East Donegal Township	4338-600	5/20/1994
John R. Eyer and L. Margaret Eyer	East Donegal Township Municipal Authority	East Donegal Township	4363-30	6/10/1994
David M. Garber and Edna H. Garber	East Donegal Township Municipal Authority	East Donegal Township	4365-272	6/14/1994
Terrence D. Shope and Betty L. Shope	East Donegal Township Municipal Authority	East Donegal Township	4431-221	8/25/1994
Ashbrook Associates	East Donegal Township Municipal Authority	East Donegal Township	4594-97	3/28/1995
The Rowenna Water Company	East Donegal Township Municipal Authority	East Donegal Township	4697-348	7/28/1995
The Rowenna Water Company	East Donegal Township Municipal Authority	East Donegal Township	4697-362	7/28/1995
Longwood Manor, L.P.	East Donegal Township Municipal Authority	East Donegal Township	6253-488	6/8/1999
East Donegal Township	East Donegal Township Municipal Authority	East Donegal Township	6264-387	6/16/1999
Donegal School District	East Donegal Township Municipal Authority	East Donegal Township	6275-143	6/25/1999
Frey Hoffer Joint Venture Partnership	East Donegal Township Municipal Authority	East Donegal Township	6368-295	9/3/1999
Pennsylvania Power & Light Co.	East Donegal Township Municipal Authority	East Donegal Township	6507-656	1/10/2000

Hoffer Development Corporation, Frey Hoffer Joint Venture Partnership and Diversified Developers	East Donegal Township Municipal Authority	East Donegal Township	6942-532	2/6/2001
Brian E. Acken and Lisa E. Acken	East Donegal Township Municipal Authority	East Donegal Township	6942-543	2/6/2001
Hoffer Development Corporation, Frey Hoffer Joint Venture Partnership and Diversified Developers	East Donegal Township Municipal Authority	East Donegal Township	6942-551	2/6/2001
Linbec Universal Trust DC LLP	East Donegal Township Municipal Authority	East Donegal Township	5001862	8/22/2001
East Donegal/Conoy Area Christian Food Bank	East Donegal Township Municipal Authority	East Donegal Township	6397157	5/16/2018
JPM Longwood, LLC	East Donegal Township Municipal Authority	East Donegal Township	6462259	6/13/2019

## SCCHEDULE 2(a)(iv)

### REAL ESTATE

- Parcel ID No. (150) 19792-0-0000 – Deed from Rowenna Water Company to East Donegal Township Municipal Authority dated July 21, 1995 and recorded July 28, 1995 in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 4697, page 374.
- Parcel ID No. (150) 26968-0-0000 – Deed from Grossmond, Inc. to East Donegal Township Municipal Authority dated September 3, 1999 and recorded September 3, 1999 in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 6368, page 291.
- Parcel ID No. (150) 28992-0-0000 – Deed from Irwin B. Glatfelter and Jane O. Glatfelter to East Donegal Township Municipal Authority dated December 23, 1948 and recorded January 6, 1949 in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book Y, Volume 39, Page 538.
- Parcel ID No. (150) 29754-0-0000 – Deed from Robert P. Hoffines and Linda F. Hoffines to East Donegal Township Municipal Authority dated September 22, 1992 and recorded September 25, 1992 in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 3634, page 518.
- Parcel ID No. (150) 79864-0-0000 – Notice of Declaration of Taking by East Donegal Township Municipal Authority dated May 21, 1998 and recorded May 27, 1998 in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 5754, page 643.

## SCHEDULE 2(e)

### RETAINED ASSETS

- Seller's office equipment located at 117 S. River Road, Maytown, PA 17550, including, but not limited to, phones, computers, printers and scanners
- Seller's mobile phones used by its employees
- Lenovo Tablet used by Roger Richards
- Lenovo All-In-One and laser printer used by Bob Hiestand
- Macbook Pro and HP Printer used by Justin Arnold

SCHEDULE 4(d)  
NON-COMPLIANCE DISCLOSURES

None

SCHEDULE 4(i)  
LITIGATION – SELLER

None

SCHEDULE 4(1)

ALL CONTRACTS

- The Assumed Contracts
- Declaration of Right of First Refusal made by Seller dated September 3, 1999
- Nondisclosure Agreement between Buyer and Seller dated February 4, 2020
- Exclusive Negotiations Agreement between Buyer and Seller dated February 4, 2020
- Agreement – Engineering Services between Seller and Dewberry Engineers Inc. dated January 19, 2021
- Engagement Agreement between Seller and Sager, Swisher and Company, LLP dated January 4, 2021



SCHEDULE 4(n)  
CONDITION EXCEPTIONS

None

SCHEDULE 4(p)

LEAD AND ASBESTOS DISCLOSURE

- Excerpt from Lead and Copper Sampling Site Plan submitted to DEP on June 21, 2016, incorporated herein by reference (attached)
- Summary of Abandoned Asbestos (Transite) Mains dated January 8, 2020, incorporated herein by reference (attached)
- Summary of Active Asbestos (Transite) Mains dated February 6, 2020, incorporated herein by reference (attached)

SCHEDULE 5(e)  
LITIGATION BUYER

None

SCHEDULE 10(c)

ALLOCATION OF PURCHASE PRICE

<u>Asset Class</u>	<u>Aggregate Fair Market Value</u>	<u>Allocation of Price</u>
Class V	(Purchase Price)	(Purchase Price)
<b>TOTAL:</b>	(same)	(same)

## **APPENDIX 2**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

In re: Application Of Columbia Water :  
 Company Pursuant To Sections 1102 :                     Docket No. A-2021-\_\_\_\_\_  
 Of The Public Utility Code For: :  
                                                           :  
                                                           :  
 Approval Of The Acquisition Of The :  
 Water System Of East Donegal Township :  
 Municipal Authority; :  
                                                           :  
                                                           :  
 Approval Of The Right For Columbia :  
 Water Company To Offer, Render, Furnish :  
 And Supply Water Service To The Public :  
 In Portions Of East Donegal Township, :  
 Lancaster County; :  
                                                           :  
                                                           :  
 Registration of A Securities Certificate(s); :  
 And :  
                                                           :  
                                                           :  
 All Other Approvals Or Certificates :  
 Appropriate, Customary Or Necessary :  
 Under The Public Utility Code To Carry :  
 Out The Transactions Described In The :  
 Application. :  
                                                           :  
                                                           :  
 Request For Certificates Of Filing For :  
 Contracts Between Columbia Water :  
 Company and East Donegal Township :  
 Municipal Authority, Pursuant To Section :  
 507 Of The Public Utility Code

**SECURITIES CERTIFICATE**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. The complete name and address of the Applicant is:
 

Columbia Water Company  
 220 Locust Street  
 P.O. Box 350  
 Columbia, PA 17512
  
2. The names, address and telephone number of the attorneys for Columbia Water Company (“Columbia Water”) are:

Thomas J. Sniscak  
Whitney E. Snyder  
Bryce R. Beard  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
E-mail: tjsniscak@hmslegal.com  
wesnyder@hmslegal.com  
brbeard@hmslegal.com  
Voice: (717) 236-1300  
Fax: (717) 236-4841

3. Columbia Water is a Pennsylvania corporation and a public utility within the meaning of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 101 *et seq.*, and provides water service pursuant to its tariff to or for the public for compensation in the boroughs of Columbia, Marietta and Mountville, and in portions of the townships of Manor, East Donegal, West Hempfield and Rapho, all in Lancaster County, Pennsylvania and portions of Hellam Township in York County, Pennsylvania. As of March 31, 2021, Columbia Water provides service to approximately 10,528 customers by class:

Residential	9,826
Commercial	504
Industrial	37
Public	41
Other (Fire)	120
Total	10,528

4. Columbia Water is not controlled by another corporation.  
5. The material terms of this borrowing are as follows:

Lender: East Donegal Township Municipal Authority  
Principal Amount: \$2,250,000.00  
Type of Borrowing: Promissory Note secured by a Mortgage and Security Agreement  
Term: 7 years  
Rate: 3% simple interest per annum fixed

Loan Costs:	N/A
Repayment:	83 Monthly payments of principal plus accrued interest on the unpaid principal balance of the loan plus a final payment of all outstanding principal, interest, and other charges on the Maturity date.
Collateral:	Real Estate acquired from East Donegal Municipal Township and lien on the assets and revenues of the System purchased from East Donegal Township Municipal Authority

6. Columbia Water, at this time, does not intend to dispose of the securities for which approval is sought.
7. The purpose of this Securities Certificate filing is to seek approval by the Commission for Columbia Water to issue debt for the purpose of acquiring East Donegal Township Municipal Authority pursuant to the Acquisition Application to which this Securities Certificate is appended.
8. No registration or filing with the Securities and Exchange Commission is required in connection with the debt for which Chapter 19 approval is sought.
9. Attached to this Securities Certificate are Answers to the Commission’s Data Requests.
10. Attached to the Acquisition Application are the following additional appendices:
 

<b>Appendix 1</b>	Exhibit B Promissory Note of Buyer Exhibit C Mortgage and Security Agreement
<b>Appendix 3</b>	Statement of the used or useful utility property of the Authority to be transferred including both the original cost and accrued depreciation by principal account, and the income statement for the company for the twelve months ended December 31, 2020.
<b>Appendix 4</b>	Resolution of the Board of Directors of Columbia Water
<b>Appendix 5</b>	Resolution of East Donegal Township Municipal Authority
<b>Appendix 6</b>	Balance sheet of Columbia Water for the twelve months ended March 31, 2021
<b>Appendix 7</b>	<i>Pro Forma</i> Balance sheet of Columbia Water
<b>Appendix 8</b>	Income statement of Columbia Water for the twelve months ended March 31, 2021.



**Appendix 9**      *Pro Forma* Income statement of Columbia Water

**WHEREFORE**, for all the foregoing reasons, The Columbia Water Company respectfully requests that the Pennsylvania Public Utility Commission register this Securities Certificate pursuant to Chapter 19 of the Public Utility Code, 66 Pa.C.S. §§ 1901, *et seq.*

Respectfully submitted,

/s/ Whitney E. Snyder

Thomas J. Sniscak, Attorney ID No. 33891  
Whitney E. Snyder, Attorney ID No. 316625  
Bryce R. Beard, Attorney ID No. 325837  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
Phone: 717-236-1300  
Fax: 717-236-4841  
E-mail: tjsniscak@hmslegal.com  
wesnyder@hmslegal.com  
brbeard@hmslegal.com

*Attorneys for Columbia Water Company*

Dated: June 30, 2021

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- 1.) Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

**RESPONSE:** See Exhibit 1

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- 2.) What effect will this issuance have upon the capital structure of the utility? Show calculations.

**RESPONSE:** The Capitalization Ratio for 2021 goes from 31.95 to 42.61. See Exhibit 2 for the calculations.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

3.) Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds  
Capital Expenditures  
Ratio of Capital Expenditures to Depreciation and Amortization  
Capitalization Ratios  
Dividend payout ratio  
Interest coverage ratios – both SEC and Indenture basis

**RESPONSE:** Funds will be used to acquire the East Donegal Township Municipal Authority's water utility assets. See attached Exhibit 2 for ratios.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

4.) Three-year history of credit ratings – By credit rating agency and class

**RESPONSE:** The Columbia Water Company is not rated by any of the rating agencies. We are too small of a utility to be rated.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

5.) Projected refinancing savings or costs, if applicable

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

6.) Affiliated interest agreement applicable to instant registration, if financing involves an affiliate.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

7.) List all unregulated affiliates of the applicant.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager



**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

8.) List all debt for which the applicant is a guarantor of affiliated company debt instruments.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

9.) For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide:

Commission ordered reporting requirements  
Current balances of borrowed and lent funds  
Eligible borrowing and lending entities  
Accounting for money pool transactions  
3 year history of borrowing and lending to the pool

**RESPONSE:** Not applicable. There are no corporate money pools.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

10.) Describe historical reliance by type of both corporate internal and external sources of financing.

**RESPONSE:** Historically the Columbia Water Company has funded capital projects using a mix of cash flow from operations and bank or Pennvest loans. Please see our Securities Certificate Application for a listing of outstanding debt.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- 11.) Where current dividend payout ratio exceeds 75%, provide a three-year history and plan for future dividend payouts.

**RESPONSE:** Not applicable. Our dividend payout ratio does not exceed 75%.  
See Exhibit 2.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

12.) Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

**RESPONSE:** The debt to total capital ratio is below 55% when the Pennvest debt is excluded. The Pennvest annual debt service is managed through an adjustable surcharge.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- 13.) With respect to the purpose for which you propose to issue or assume securities;
- A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;
1. Estimated final cost
  2. A brief description of the new facilities or betterments
  3. The date when it is expected that the purchase or construction or betterment will be completed.
  4. Estimated amount of AFUDC included in the project costs

**RESPONSE:** Funds will be used to acquire the East Donegal Township Municipal Authority's water utility assets. See the Acquisition Application for a detailed breakdown of the assets being purchased. The final cost is estimated at \$2,500,000. Closing on the purchase is estimated to occur on or before December 31, 2021. There is no AFUDC included in the project costs.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

- B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;
1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
  2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
  3. The minimum bank balance requirements.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- C. If the purpose is to refund obligations, describe obligations in detail.
1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.
  2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

- D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- E. If the purpose is to fund pension obligations;
1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
  2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
  3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

**RESPONSE:** Not applicable.

**Provided by:** David Lewis

**Position:** Vice President and General Manager



**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations – Data Request**

- 14.) Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

**RESPONSE:** All funds will be used for utility purposes and no funds will be used for non-utility purposes. All (100%) of the assets associated with these funds will be placed into the rate base.

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**THE COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS  
OF BUREAU OF TECHNICAL UTILITY SERVICES**

**Chapter 19 Securities Certificate Registrations-Data Request**

15.) Three-year history and three-year projections for ratio of capital expenditures to depreciation expense. Show calculations.

**RESPONSE:**

	Historic			Projected		
	2018	2019	2020	2021	2022	2023
Capital Expenditures	\$666,022	\$1,348,661	\$696,562	\$4,547,717	\$1,000,000	\$1,000,000
Depreciation	\$1,601,907	\$1,629,909	\$1,514,093	\$1,620,000	\$1,592,735	\$1,650,000
Ratio	0.416	0.827	0.460	2.807	0.628	0.606

**Provided by:** David Lewis

**Position:** Vice President and General Manager

**EXHIBIT 1**

**STATEMENT SHOWING STATUS OF OUTSTANDING FUNDED DEBT**

**AS OF MARCH 31, 2021**

**WELLS FARGO BANK**

<u>DOCKET NUMBER</u>	<u>WELLS FARGO Bank LOAN #</u>	<u>RATE</u>	<u>DATES PAYABLE</u>	<u>TERM (YEARS)</u>	<u>NOMINAL DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>PRINCIPAL AMOUNT AUTHORIZED</u>	<u>REMAINING BALANCE (03/31/21)</u>
S-2018-3002916	422	5.45%	MONTHLY	5	9/12/2018	9/20/2023	\$750,000	\$600,263
S-2020-3020844	448	4.50%	MONTHLY	1.2	10/5/2020	1/15/2022	\$839,000	\$811,716
S-2017-2591324	232	4.75%	MONTHLY	5	10/4/2017	9/30/2022	\$229,799	\$75,850
S-2016-2556429	174	4.30%	MONTHLY	5	8/31/2016	8/31/2021	\$334,529	\$29,674
S-2020-3008969	281	4.80%	MONTHLY	5	11/15/2019	10/15/2024	\$686,250	\$506,070
S-2017-2591197	224	4.95%	MONTHLY	5	8/4/2017	10/7/2022	\$1,637,761	\$1,174,881
S-2020-3020837	307	4.50%	MONTHLY	1.2	10/5/2020	1/15/2022	\$160,726	\$148,672
S-2020-3020836	299	4.50%	MONTHLY	1.2	10/5/2020	1/15/2022	\$316,180	\$292,418
S-2016-2536399	315	4.40%	MONTHLY	5	7/5/2016	7/15/2021	\$454,000	\$267,005
S-2016-2556420	323	4.40%	MONTHLY	5	8/31/2016	8/31/2021	\$750,000	\$445,708
S-2017-2591338	331	4.95%	MONTHLY	5	5/25/2017	5/25/2022	\$950,000	\$653,950
S-2017-2591331	349	4.75%	MONTHLY	5	5/25/2017	5/25/2022	\$500,000	\$185,995
S-2019-3008973	430	5.30%	MONTHLY	5	5/31/2019	6/20/2024	\$500,000	\$431,892

**PENNVEST**

S-2012-2287416	N/A	3.73%	MONTHLY	20	5/15/2012	7/1/2034	\$ 15,250,000	\$ 11,393,540
----------------	-----	-------	---------	----	-----------	----------	---------------	---------------

(FOR INTERNAL PURPOSES ONLY)

**\$ 17,017,634**

**Footnote:**

All of the above listed Wells Fargo Debt was refinanced on June 10, 2021 with M&T Bank. The new interest rate with M&T Bank is 3.13%. The amount financed was \$6,000,000 and was approved at Docket Number S-2021-3025780.

# Columbia Water Company

## Exhibit 2

	Actual		Projected		
	2019	2020	2021	2022	2023
Sources and (Uses) of Funds					
Operating Revenues	6,923,771	7,057,428	7,231,000	7,586,586	8,450,000
Operating Expenses Less Depreciation and Amortization	(3,320,846)	(3,587,716)	(3,789,500)	(4,170,883)	(4,200,000)
Depreciation and Amortization	(1,629,909)	(1,514,093)	(1,620,000)	(1,592,735)	(1,650,000)
Nonoperating Income	30,360	35,936	35,000	64,969	60,000
Nonoperating Expenses Less Interest Expense	(7,601)	(15,321)	(9,000)	(25,359)	(25,000)
Interest Expense	(749,845)	(734,972)	(720,000)	(609,577)	(725,000)
Net Income Before Taxes	1,245,930	1,241,262	1,127,500	1,253,001	1,910,000
Income Taxes	(242,465)	(272,100)	(200,000)	10,118	(250,000)
Net Income	1,003,465	969,162	927,500	1,263,119	1,660,000
Capital Expenditures	1,348,661	696,562	800,000	1,000,000	1,000,000
Proposed Intake/Tank Paint/Generator Projects	-	-	3,747,717	-	-
Total Capital Expenditures	1,348,661	696,562	4,547,717	1,000,000	1,000,000
Long term Debt, includes current	6,390,266	6,156,174	6,000,000	6,500,000	6,500,000
Pennvest debt for Intake/Tank Paint/Generator	-	-	3,747,717	3,700,000	3,550,000
Pennvest debt for WTP Upgrades	12,199,250	11,557,699	10,835,164	10,141,811	9,422,128
Total Long Term Debt, Including Pennvest	18,589,516	17,713,873	20,582,881	20,341,811	19,472,128
Stockholder equity	11,486,668	12,153,430	12,778,530	13,739,249	15,096,849
Ratio of Capital Expenditures to Depreciation and Amortization	0.827	0.460	2.807	0.628	0.606
Capitalization Ratio <b>without</b> Pennvest Debt	35.75%	33.62%	31.95%	42.61%	39.97%
Capitalization Ratio <b>with</b> Pennvest Debt	61.81%	59.31%	61.70%	59.69%	56.33%
Dividend Payout Ratio	30.14%	31.20%	32.60%	23.94%	18.22%
Interest Coverage Ratio	2.662	2.689	2.566	3.056	3.634

### CALCULATIONS

Ratio of Capital Expenditures to Depreciation and Amortization = Capital Expenditures / Depreciation and Amortization

4,547,717 / 1,620,000

2.807

Capitalization Ratio = Long-term Debt / Long-term Debt + Shareholder's Equity

(Current Portion of Long-Term Debt + Net Long-Term Debt) / (Current Portion of Long-Term Debt + Net Long-Term Debt) + Shareholder's Ec

6,000,000 / (6,000,000 + 12,778,530)

6,000,000 / 18,778,530

31.95%

Dividend Payout Ratio = Dividends per Share / Earnings per Share

(302,400 / 504,000) / (927,500 / 504,000)

32.60%

Interest Coverage Ratio = Earnings before Interest and Taxes/ Interest Expense

Net Income + Interest Expense + Taxes / Interest Expense

(927,500 + 720,000 + 200,000) / 720,000

1,847,500 / 720,000

2.566

The Columbia Water Company  
Columbia, Pennsylvania

STATEMENT SHOWING STATUS OF CAPITAL STOCK OUTSTANDING  
AS OF MARCH 31, 2021

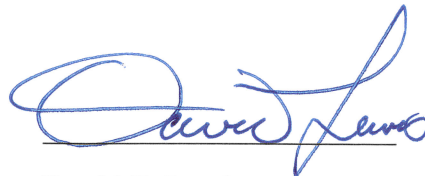
Total Par Value or Number of Shares if Without Par Value

Held by the Public Utility

<u>Designation of Kind and Class</u> (A)	<u>Number of Shares Authorized</u> (B)	<u>Par of Stated Value Per Share</u> (C)	<u>Amount Authorized</u> (D)	<u>Amount Outstanding of Number of Shares (Not Held by the Public Utility)</u> (E)	<u>Reacquired and Held in Treasury at Cost</u> (F)	<u>Pledged</u> (G)	<u>In Sinking or Other Funds</u> (H)	<u>Stated Book Value of Outstanding Stocks Having No Par Value as of Date of Balance Sheet</u> (I)
<u>PREFERRED</u>								
None	None		None	None				None
<u>COMMON</u>								
Common Stock, Stated Value \$10 Per Share	1,500,000	\$10	\$15,000,000	\$5,040,000	None	None	None	\$5,040,000
Common Stock -Premiums and Assessment				20,000	None	None	None	20,000
Common Stock - Capital Surplus				<u>12,000</u>				<u>12,000</u>
Totals				<u>5,072,000</u>				<u>5,072,000</u>

## VERIFICATION

I, David T. Lewis, on behalf of Columbia Water Company ("Company"), hereby state that the facts set forth in the foregoing statement and its attachments are true and correct to the best of my knowledge, information and belief, and that I or the Company expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



David T. Lewis  
Vice President and  
General Manager  
Columbia Water Company

Dated: June 30, 2021

## **APPENDIX 3**

## **East Donegal Township Water Authority**

### **Considerations Regarding the Authority's Financial Statements, Fixed Capital Assets, Service Lives, Annual Depreciation Expense and Accrued Depreciation Reserves**

Municipal accounting and financial statement preparation for government owned utilities requires the utilization of economic depreciation in calculating the annual depreciation expense and the accrued depreciation reserve. Economic depreciation is not utilized by those entities to establish capital recovery through customer rates so truly little importance is placed on these calculations. Typically, the service lives of the fixed capital assets are prescribed by the federal government or another controlling governmental agency. Economic depreciation has no relationship to the life expectancies in providing service and the capital recovery of fixed capital assets through rates from customers. For example, the EDTWA financial statements reflect 50 years as the longest life employed for depreciation purposes while one asset, a distribution system project, was constructed in 1919 and is the only asset listed prior to 1969. A preliminary review of the EDTWA system indicates that many more assets were constructed prior to 1969 including the "original system" construction which was completed in 1949. Many of EDTWA assets are still providing service but have been removed from the current depreciation schedule, which is a common practice in municipal accounting when an asset has reached its full economic depreciated value. In addition, depending upon the consistency of the capitalization procedures it is possible that many assets were expensed rather than capitalized throughout the years.

EDTWA completed two (2) projects during the 2018 through 2020 totaling \$1,004,886 and the economic life employed in the financial statement calculations to depreciate those assets is 25 years. It is likely that those assets have at least and 80-to-100-year life expectancy. The EDTWA current financial statements typically utilize a 50-year service life for water line replacement or system expansions. There is no explanation referenced in the calculations as to the reduced life expectancy for the distribution assets placed into service from 2018 to 2020.

To accurately assess the current depreciated value of the EDTWA fixed capital assets, a depreciated original cost study should be completed. This study will identify the surviving assets, the life expectancies for capital recovery purposes, the condition of the assets and the possible need for capital replacements.



**EAST DONEGAL TOWNSHIP WATER AUTHORITY**  
**DEPRECIATION OF ASSETS BASED UPON UTILITY LIFE EXPECTANCIES**

Calculated Depreciated Original Cost Of Utility Plant In Service at December 31, 2020

Asset	Property Description	YEAR INSTALLED	ORIGINAL Cost	ANNUAL DEPRECIATION RATE	ANNUAL DEPRECIATION EXPENSE	AGE	ACCRUED DEPRECIATION 12/31/2020	DEPRECIATED ORIGINAL COST 12/31/2020
<b>Group: BUILDINGS</b>								
1	BUILDING	1969	6,600.00	2.38%	\$157.08	51.5	\$6,600	\$0
2	WATER TANK #1	1969	16,250.00	2.64%	429.00	51.5	16,250	0
3	WELL #1	1979	16,751.00	2.22%	371.87	41.5	15,433	1,318
4	WELL #2	1980	3,580.00	2.22%	79.48	40.5	3,219	361
5	LANCASTER LABS BUILDING	1980	3,054.00	2.22%	67.80	40.5	2,746	308
6	WATER TANK #2	1981	175,589.00	2.64%	4,635.55	39.5	175,589	0
7	WELL #3	1981	3,319.00	2.22%	73.68	39.5	2,910	409
8	WATER TANK #3	1982	10,128.00	2.64%	267.38	38.5	10,128	0
9	SPRING BASIN	1982	58,907.00	2.22%	1,307.74	38.5	50,348	8,559
10	ELECTRIC IMPROVEMENT	1982	1,180.00	3.04%	35.87	38.5	1,180	0
11	WATER TANK #4	1999	936,224.00	2.64%	24,716.31	21.5	531,401	404,823
12	WELL #4	1999	116,091.00	2.22%	2,577.22	21.5	55,410	60,681
13	ENGINEERING	1999	157,234.00	2.22%	3,490.59	21.5	75,048	82,186
14	WELL	2000	611,806.00	2.22%	13,582.09	20.5	278,433	333,373
15	TANK REPAIR	2000	9,900.00	2.64%	261.36	20.5	5,358	4,542
16	WELL	2001	83,738.00	2.22%	1,858.98	19.5	36,250	47,488
17	TANK PAINTING	2000	29,750.00	4.00%	1,190.00	20.5	24,395	5,355
18	TANK PAINTING	2001	316,000.00	4.00%	12,640.00	19.5	246,480	69,520
19	TANK	1999	2,255.00	2.64%	59.53	21.5	1,280	975
20	WELL #3	2002	22,672.00	2.22%	503.32	18.5	9,311	13,361
116	TANK/WELLS	2015	3,644.00	2.22%	80.90	5.5	445	3,199
	<b>BUILDINGS</b>		<u>2,584,672.00</u>		<u>\$68,385.76</u>		<u>\$1,548,214</u>	<u>\$1,036,458</u>
<b>Group: CONSTRUCTION IN PROGRESS</b>								
126	East High Street Project	1919	<u>218,785.65</u>	2.00%	\$4,375.71	101.5	<u>\$218,786</u>	\$0
<b>Group: LAND</b>								
21	LAND FOR WELL SITE	1998	34,320.00					\$34,320
22	LAND	1950	4,815.00					4,815
23	LAND	1999	15,000.00					15,000
24	ADDITIONAL PAYMNT OF LAND	2000	<u>38,912.00</u>					<u>38,912</u>
	<b>LAND</b>		<u>93,047.00</u>					<u>\$93,047</u>

**Group: MACHINERY AND EQUIPMENT**

25	DISTRIBUTION SYS & EQUIP	1969	110,332.00	2.00%	\$2,206.64	51.5	\$110,332	\$0
26	LINE EXTENSION #1	1969	11,784.00	2.00%	235.68	51.5	11,784	0
27	WATER METER #1	1969	471.00	2.00%	9.42	51.5	471	0
28	LINE EXTENSION #8	1970	988.00	2.00%	19.76	50.5	988	0
29	WATER METER #2	1970	615.00	8.00%	49.20	50.5	615	0
30	FIRE HYDRANT #1	1970	295.00	2.15%	6.34	50.5	295	0
31	LINE EXTENSION #2	1971	6,176.00	2.00%	123.52	49.5	6,176	0
32	WATER METER #3	1971	1,396.00	8.00%	111.68	49.5	1,396	0
33	PUMPHOUSE EQUIP #1	1971	6,016.00	3.04%	182.89	49.5	6,016	0
34	PUMPHOUSE EQUIP #2	1992	11,586.00	3.04%	352.21	28.5	10,038	1,548
35	WATER METER #4	1972	596.00	8.00%	47.68	48.5	596	0
36	DRAIN FIELD	1972	222.00	8.00%	17.76	48.5	222	0
37	LINE EXTENSION #9	1973	386.00	2.00%	7.72	47.5	367	19
38	WATER METER #5	1973	764.00	8.00%	61.12	47.5	764	0
39	WATER METER #6	1974	555.00	8.00%	44.40	46.5	555	0
40	LINE EXTENSION #3	1974	614.00	2.00%	12.28	46.5	571	43
41	LINE EXTENSION #4	1975	2,349.00	2.00%	46.98	45.5	2,138	211
42	WATER METER #7	1975	2,272.00	8.00%	181.76	45.5	2,272	0
43	PRESSURE CONTROL SYSTEM	1975	3,031.00	3.04%	92.14	45.5	3,031	0
44	MOWER	1976	1,320.00	10.00%	132.00	44.5	1,320	0
45	LINE EXTENSION #5	1976	7,009.00	2.00%	140.18	44.5	6,238	771
46	WATER METER #8	1976	3,413.00	8.00%	273.04	44.5	3,413	0
47	WATER METER #9	1977	3,068.00	8.00%	245.44	43.5	3,068	0
48	WATER PLUG/ACCESSORIES	1977	840.00	2.00%	16.80	43.5	731	109
49	LINE EXTENSION #6	1977	104.00	2.00%	2.08	43.5	90	14
50	ADD MACHINERY	1977	275.00	10.00%	27.50	43.5	275	0
51	LINE EXTENSION #7	1978	2,079.00	2.00%	41.58	42.5	1,767	312
52	WATER METER #10	1978	6,658.00	8.00%	532.64	42.5	6,658	0
53	WATER METER #11	1979	4,483.00	8.00%	358.64	41.5	4,483	0
54	SYSTEM EXPANSION #1	1979	27,915.00	2.00%	558.30	41.5	23,169	4,746
55	SYSTEM EXPANSION #2	1980	39,756.00	2.00%	795.12	40.5	32,202	7,554
56	WATER METER #12	1981	5,741.00	8.00%	459.28	39.5	5,741	0
57	SYSTEM EXPANSION #3 GFUND	1981	7,952.00	2.00%	159.04	39.5	6,282	1,670
58	SYSTEM EXPANSION #4 GFUND	1981	184,483.00	2.00%	3,689.66	39.5	145,742	38,741
59	SYSTEM EXPANSION #5	1982	61,463.00	2.00%	1,229.26	38.5	47,327	14,136
60	WATER METER #13	1983	1,008.00	8.00%	80.64	37.5	1,008	0
61	ELECTRIC INSTALLATION	1983	616.00	2.00%	12.32	37.5	462	154
62	SPRING HOUSE PUMP INSTAL	1984	10,231.00	3.04%	311.02	36.5	10,231	0
63	WATER METER #14	1984	1,219.00	8.00%	97.52	36.5	1,219	0
64	EMERGENCY GENERATOR	1985	4,271.00	3.89%	166.14	35.5	4,271	0
65	UV LIGHT	1985	2,745.00	10.00%	274.50	35.5	2,745	0
66	WATER METER #15	1987	8,912.00	8.00%	712.96	33.5	8,912	0
67	NITRATE REMOVAL SYSTEM	1988	45,694.00	2.04%	932.16	32.5	30,295	15,399
68	NITRATE REMOVAL SYSTEM #2	1989	54,545.00	2.04%	1,112.72	31.5	35,051	19,494
69	WATER METER #16	1989	3,970.00	8.00%	317.60	31.5	3,970	0
70	WATER METER #17	1990	2,905.00	8.00%	232.40	30.5	2,905	0
71	DIST/NITRATE SYS IMPROVMT	1990	723,220.00	2.04%	14,753.69	30.5	449,987	273,233
73	JED LOW FARMS-PHASE 1	1990	107,336.00	2.00%	2,146.72	30.5	65,475	41,861
74	LONGWOOD SQUARE	1990	92,478.00	2.00%	1,849.56	30.5	56,412	36,066
75	VILLAGE SQUARE	1990	90,905.00	2.00%	1,818.10	30.5	55,452	35,453
76	NITRATE SYSTEM #3	1991	14,648.00	2.04%	298.82	29.5	8,815	5,833
77	LINE EXPANSION	1991	13,125.00	2.00%	262.50	29.5	7,744	5,381
78	ROWANNA SYS-ADV COSTS	1991	5,685.00	2.00%	113.70	29.5	3,354	2,331

79	NITRATE SYSTEM #4	1991	58,799.00	2.04%	1,199.50	29.5	35,385	23,414
80	ROWANNA SYSTEM	1992	306,314.00	2.00%	6,126.28	28.5	174,599	131,715
81	WATER METER BOXES #18	1992	1,075.00	8.00%	86.00	28.5	1,075	0
82	ROWANNA SYS	1993	214,552.00	2.00%	4,291.04	27.5	118,004	96,548
83	WATER METER BOXES #19	1993	7,185.00	8.00%	574.80	27.5	7,185	0
84	ROWANNA SYS	1994	83,444.00	2.00%	1,668.88	26.5	44,225	39,219
85	TIME EXTENSION	1994	21,904.00	2.00%	438.08	26.5	11,609	10,295
86	WATER METER/BOXES #20	1994	4,367.00	8.00%	349.36	26.5	4,367	0
87	MISC EQUIP	1994	1,907.00	6.29%	119.95	26.5	1,907	0
88	SITE WORK	1995	87,508.00	2.00%	1,750.16	25.5	44,629	42,879
89	SITE WORK	1997	68,947.00	2.00%	1,378.94	23.5	32,405	36,542
90	ROWANNA TIE-IN	1997	33,005.00	2.00%	660.10	23.5	15,512	17,493
91	SITWORK	1998	53,832.00	2.00%	1,076.64	22.5	24,224	29,608
92	LONGWOOD PHASE IV & V	1998	66,800.00	2.00%	1,336.00	22.5	30,060	36,740
93	TRAILER	1999	1,108.00	20.00%	221.60	21.5	1,108	0
94	HIGH ST PROJECT	1999	853.00	2.00%	17.06	21.5	367	486
95	PARK RIDGE AT MAYTOWN	1999	60,240.00	2.00%	1,204.80	21.5	25,903	34,337
96	8 WATER MAIN LW MANOR	1999	43,300.00	2.00%	866.00	21.5	18,619	24,681
97	WATER DISTRIBTN - RT 743	1999	10,800.00	2.00%	216.00	21.5	4,644	6,156
98	WATER DISTRIBTN - HIGH ST	2000	13,622.00	2.00%	272.44	20.5	5,585	8,037
99	HIGH STREET CAPITALIZATN	2000	11,438.00	2.00%	228.76	20.5	4,690	6,748
100	RTE 743 WIDENING	2000	8,053.00	2.00%	161.06	20.5	3,302	4,751
101	12 LOOP	2001	45,182.00	2.00%	903.64	19.5	17,621	27,561
102	WATER DIST SYSTEM	2001	4,428.00	2.00%	88.56	19.5	1,727	2,701
103	WATER DIST STACKSTOWN	2002	32,084.00	2.00%	641.68	18.5	11,871	20,213
104	WATER LINE REPLACEMENT	2003	82,003.00	2.00%	1,640.06	17.5	28,701	53,302
105	743 WATER MAIN	2004	84,628.00	2.00%	1,692.56	16.5	27,927	56,701
106	MOYER FARM	2004	2,022.00	2.00%	40.44	16.5	667	1,355
107	743 WATER MAIN	2004	711.00	2.00%	14.22	16.5	235	476
108	MOWER	2007	10,417.00	10.00%	1,041.70	13.5	10,417	0
109	Well #1 Pump	2012	35,265.00	3.04%	1,072.06	8.5	9,112	26,153
110	4" FLANGED EPOXY COATED METER	2013	1,295.25	8.00%	103.62	7.5	777	518
111	24 Absolute Digital Encoder Meters	2013	2,302.58	8.00%	184.21	7.5	1,382	921
112	24 Absolute Digital Encoder Meters	2014	2,283.40	8.00%	182.67	6.5	1,187	1,096
113	4" FLANGED EPOXY COATED METER	2014	1,618.60	8.00%	129.49	6.5	842	777
114	Radiator Well #2	2014	1,303.38	10.00%	130.34	6.5	847	456
115	Nitrate Control Panel	2013	10,037.00	2.04%	204.75	7.5	1,536	8,501
117	GIS Mapping System	2017	30,404.00	5.00%	1,520.20	3.5	5,321	25,083
118	Route 743 Project	2017	16,053.27	2.00%	321.07	3.5	1,124	14,930
119	Water Meters	2018	4,788.00	8.00%	383.04	2.5	958	3,830
120	Wonderware Software	2018	5,767.00	8.64%	498.27	2.5	1,246	4,521
121	GIS Mapping System	2018	17,086.00	5.00%	854.30	2.5	2,136	14,950
122	Fencing	2018	19,500.00	4.00%	780.00	2.5	1,950	17,550
123	High Street Project	2018	136,808.61	2.00%	2,736.17	2.5	6,840	129,968
124	Route 743 Project	2019	92,144.58	2.00%	1,842.89	1.5	2,764	89,380
125	Water Main - Coffee & Endslo Roads	2019	411,948.37	2.00%	8,238.97	1.5	12,358	399,590
129	HIGH STREET PROJECT	2020	363,984.37	2.00%	7,279.69	0.5	3,640	360,345
<b>MACHINERY AND EQUIPMENT</b>			<b>4,273,637.41</b>		<b>\$94,730.85</b>		<b>\$1,958,031</b>	<b>\$2,315,606</b>

**Group: OFFICE EQUIPMENT**

127	Billing computer	2019	1,566.50	8.64%	\$135.35	1.5	\$203	1,363
128	Computer - TCW	2018	2,578.00	8.64%	222.74	2.5	557	2,021
<b>OFFICE EQUIPMENT</b>			<b>4,144.50</b>		<b>\$358.08</b>		<b>\$760</b>	<b>\$3,385</b>
<b>Grand Total</b>			<b>\$7,174,286.56</b>		<b>\$167,850.41</b>		<b>\$3,725,790</b>	<b>\$3,448,497</b>

## **APPENDIX 4**

COLUMBIA WATER COMPANY  
BOARD RESOLUTION

The following is hereby resolved by the Board of the Columbia Water Company:

**WHEREAS**, the Columbia Water Company (hereinafter “the Company”), by resolution dated December 22, 2020, approved and authorized the entering into and execution of the Water Production and Distribution System Sale and Purchase Agreement which was then executed by and between the Company and East Donegal Township Municipal Authority on May 7, 2021 (hereinafter “the Agreement”);

**WHEREAS**, the Agreement established a purchase price of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) subject to adjustments as specified in the Agreement (hereinafter “Purchase Price”);

**WHEREAS**, the Agreement obligates the Company to: pay the Purchase Price; execute various documents; enter into a loan (“Loan”) with the Seller to finance the purchase which will be secured by an Open-End Mortgage and Security Agreement (“Mortgage”) on the purchased real estate and assets; and make various representations and warranties;

**WHEREAS**, the Company wishes to enter into such Loan which requires the execution of a promissory note (hereinafter “Note”) payable to East Donegal Township Municipal Authority and Mortgage;

**WHEREAS**, the Board of Directors has determined, and continues to believe, that the consummation of the purchase under the terms and conditions of the Agreement is in the best interest of the Company;

**NOW THEREFORE, BE IT RESOLVED**, that the Company hereby is authorized, empowered, and directed to close on the Agreement and to purchase the water production system, and used and useful assets, of East Donegal Township Municipal Authority, pursuant to the Agreement;

**FURTHER RESOLVED**, that the Company shall pay the Purchase Price to East Donegal Township Municipal Authority as described in the Agreement;

**FURTHER RESOLVED**, that the Company shall execute and be bound by the terms of the Note and Mortgage in favor of East Donegal Township Municipal Authority and pursuant to the Agreement;

**FURTHER RESOLVED**, that any officer is authorized, directed, and empowered to negotiate, enter into, sign, execute, and/or accept on behalf of the Company any and all deeds, documents, certificates, consents, affidavits, certificates, settlement statements, Note, Mortgage, assumptions, and other documents and instruments necessary to consummate the purchase pursuant to the Agreement and enter into the Loan, each on such terms and conditions as such

officer shall approve, such approval to be conclusively evidenced by the execution and delivery thereof;

**RESOLVED**, that all actions previously taken by the Company or any of its officers in furtherance of the above resolutions are ratified, confirmed, and approved.

Moved By: John Hinkle

Seconded By: KEVIN KRAFT

**ADOPTED** this 25<sup>th</sup> day of MAY, 2021.

  
\_\_\_\_\_  
, Secretary

COLUMBIA WATER COMPANY  
BOARD RESOLUTION

The following is hereby resolved by the Board of the Columbia Water Company:

**WHEREAS**, Columbia Water Company (hereinafter “Company”) desires to purchase assets of East Donegal Township Municipal Authority (“Seller”) and the Seller desires to sell its assets to the Company;

**WHEREAS**, the Company desires to enter into the Water Production and Distribution System Sale and Purchase Agreement (“Agreement”) with Seller on terms and conditions as more fully set forth in such Agreement as it is finally negotiated and executed, but in any event with a purchase price of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) subject to adjustments as set forth in the Agreement (hereinafter “Purchase Price”);

**WHEREAS**, the Agreement will obligate the Company to: pay the Purchase Price; execute various documents; and make various representations and warranties;

**WHEREAS**, as part of the payment of the Purchase Price, the Company agreed to execute a promissory note (hereinafter “Promissory Note”) payable to Seller pursuant to the Agreement;

**WHEREAS**, the Board of Directors has determined, and continues to believe, that the consummation of the purchase under the terms and conditions of the Agreement is in the best interest of the Company; and

**WHEREAS**, the purchase is subject to regulatory (PUC) approval and, therefore, the Company shall seek all necessary approvals prior to and as a condition of Closing.

**NOW THEREFORE, BE IT RESOLVED**, that the Company hereby is authorized, empowered, and directed to close on the Agreement and to purchase the water production system and used and useful assets of Seller, pursuant to the Agreement;

**FURTHER RESOLVED**, that the Company shall pay the Purchase Price to Seller as described in the Agreement;

**FURTHER RESOLVED**, that the Company shall execute and be bound by the terms of the Promissory Note in favor of Seller and pursuant to the Agreement;

**FURTHER RESOLVED**, that Donald H. Nikolaus, President, and David T. Lewis, Vice President, (singly or jointly) are authorized, directed, and empowered to negotiate, enter into, sign, execute, and/or accept on behalf of the Company any and all deeds, documents, certificates, consents, affidavits, settlement statements, notes, and other documents and instruments necessary to consummate the purchase pursuant to the Agreement.

**RESOLVED**, that all actions previously taken by the Company or any of its officers in furtherance of the above resolutions are ratified, confirmed, and approved.

Moved By: John Hinkle

Seconded By: Joe Glaffelter

**ADOPTED** this 22<sup>nd</sup> day of December, 2020.

  
John Hinkle, Secretary



## **APPENDIX 5**

EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY  
RESOLUTION # 21 - 3 - 16

AUTHORIZATION TO EXECUTE PURCHASE AGREEMENT  
AND OTHER NECESSARY DOCUMENTS  
RELATIVE TO THE SALE OF THE WATER  
SYSTEM TO THE COLUMBIA WATER COMPANY

RESOLVED: The Board of Directors of East Donegal Township Municipal Authority (“EDTMA”) hereby approves the Purchase Agreement with Columbia Water Company for the sale of the water system. The assets will be sold at a price of Two Million Five Hundred Thousand Dollars (\$2,500,000) substantially in accordance with the terms of the Purchase Agreement and related documents, copies of which have been submitted to and negotiated by EDTMA, which documents are subject to further review and approval by EDTMA Chairman and the EDTMA solicitor; and

RESOLVED FURTHER: Upon final review and approval by EDTMA Chairman and the EDTMA solicitor, the Chairman or Vice Chairman and any Secretary or any Treasurer of the EDTMA are hereby authorized and empowered to execute said Purchase Agreement on behalf of EDTMA, to execute, acknowledge and deliver such other documents and instruments as may be necessary to carry out said agreements in accordance with their terms, and to take such other action in connection with the sale of said water system as they determine to be necessary or appropriate.

Resolved this 16th day of March, 2021

## MARCH 2021

The regular meeting of the East Donegal Township Municipal Authority was held March 16, 2021 at 15 South River Street, Maytown, PA. All members were present.

The Chairman called for public comment and there was no response.

On a motion by Smeal, seconded by J. Arnold the minutes of the previous meeting, having been previously distributed, were approved.

The station attendant report indicated that we pumped 10,296,866 gallons of water during the month of February.

The Laboratories' report for the month of February indicated that the water is safe for drinking.

The Chairman reported the February revenue was \$8,781.00.

The Treasurer presented a list of bills to be approved for payment. A copy of this list is attached to the minutes. On a motion by Geib, seconded by Smeal the report was accepted and the bills ordered paid.

Also present were Mike Davis, Tim Richards and Don Richards.

The Authority Board went into an Executive session to discuss Real Estate matters at 7:20 and reconvened at 8:20.

Resolution #21 – 3 -16 was distributed to the Authority Board to review

On a motion by Geib, seconded by Smeal this Resolution was approved. A copy of this Resolution is attached to the minutes

No other business, the meeting adjourned.

Donald S. Geib, Secretary

## **APPENDIX 6**

## COLUMBIA WATER COMPANY

## ASSETS

(COMBINED FINANCIALS)

	CURRENT MONTH ^MARCH 2021	INCREASE OVER PRIOR MONTH	INC. OVER ^MARCH 2020
UTILITY PLANT IN SERVICE	\$61,998,914.11	\$613,351.96	\$1,739,871.19
UTILITY PLANT ACQUISITION ADJ	\$1,051,093.04	\$0.00	\$0.00
LESS: RESERVE FOR DEPRECIAT	<u>\$20,909,195.56</u>	<u>\$182,076.05</u>	<u>\$1,208,470.96</u>
NET UTILITY PLANT IN SERVICE	\$42,140,811.59	\$431,275.91	\$531,400.23
OTHER PHYSICAL PROPERTY	\$81,443.87	\$0.00	(\$13,000.66)
CURRENT ASSETS:			
CASH	\$240,983.17	\$38,283.88	\$79,069.55
TEMPORARY CASH INVEST.	\$853,526.71	\$7.26	\$847,852.88
ACCT'S RECEIVABLE-CUSTOMERS	\$602,327.72	(\$101,876.06)	\$26,662.97
OTHER ACC'TS RECEIVABLE	\$6,378.28	\$1,216.06	\$1,295.75
MATERIALS & SUPPLIES	\$64,236.33	(\$7,092.40)	\$3,195.73
PREPAYMENTS	\$30,001.66	(\$23,462.50)	(\$216,485.13)
TOTAL CURRENT ASSETS	<u>\$1,797,453.87</u>	<u>(\$92,923.76)</u>	<u>\$741,591.75</u>
OTHER LONG TERM ASSETS:			
CONST. WORK -SERVICES	\$671,011.00	(\$500,891.09)	(\$891,266.67)
PRELIMINARY SURVEY & INVEST	\$0.00	\$0.00	\$0.00
DEFERRED DEBITS-DSIC SURCHARGE/ RATE CASE	\$0.00	\$0.00	(\$96,147.56)
	\$ -	\$ -	\$ -
TOTAL OTHER LONG TERM ASSETS	\$671,011.00	(\$500,891.09)	(\$987,414.23)
TOTAL ASSETS	\$44,690,720.33	(\$162,538.94)	\$272,577.09

FOR INTERNAL USE ONLY

COLUMBIA WATER COMPANY  
(COMBINED FINANCIALS)

LIABILITIES

	CURRENT MONTH ^MARCH 2021	INC. OVER PRIOR MO	INC OVER ^MARCH 2020
CAPITALIZATION:			
COMMON CAPITAL STOCK	\$5,040,000.00	\$0.00	\$0.00
PREMIUM ON CAPITAL STOCK	\$20,000.00	\$0.00	\$0.00
CAPITAL SURPLUS	\$12,000.00	\$0.00	\$0.00
DIVIDENDS	(\$75,600.00)	\$0.00	\$0.00
UNAPPROPRIATED SURPLUS	\$7,449,400.11	\$120,209.68	\$1,429,665.76
LONG TERM DEBT:			
PENNVEST LOAN	\$11,393,540.14	(\$54,889.70)	(\$647,557.03)
WELLS FARGO- BACKHOE	\$0.00	\$0.00	(\$2,158.54)
WELLS FARGO BANK-OBLIG#224	\$1,174,881.03	(\$12,814.78)	(\$145,673.28)
WELLS FARGO BANK-OBLIG#307	\$148,672.05	(\$2,475.52)	(\$26,893.97)
VEHICLE LOANS (5)/TOC ANALYZER	\$140,179.86	(\$6,120.97)	\$58,872.27
WACHOVIA LOAN #166	\$0.00	\$0.00	(\$27,381.63)
WELLS FARGO OBLIG # 281	\$506,069.85	(\$11,188.75)	(\$129,362.75)
WACHOVIA OBLIG #430	\$431,891.69	(\$3,599.88)	(\$40,347.91)
WELLS FARGO BANK # 174	\$29,673.77	(\$6,085.70)	(\$78,587.81)
WACHOVIA OBLIG # 190	\$0.00	\$0.00	\$0.00
WACHOVIA OBLIG # 232	\$75,850.08	(\$7,997.86)	(\$46,920.01)
WELLS FARGO OBLIG #315	\$267,005.42	(\$3,771.77)	(\$43,383.27)
WELLS FARGO OBLIG # 299	\$292,418.47	(\$4,869.98)	(\$62,549.73)
WELLS FARGO OBLIG# 331	\$653,950.33	(\$7,362.59)	(\$92,719.43)
WELLS FARGO OBLIG# 349	\$185,994.74	(\$7,570.13)	(\$96,771.08)
WELLS FARGO OBLIG# 323	\$445,707.83	(\$6,050.73)	(\$78,914.24)
WELLS FARGO OBLIG # 372/422	\$600,263.28	(\$5,580.89)	(\$62,725.35)
ORRSTOWN BANK-PPP FUNDS	\$265,900.00	\$0.00	\$265,900.00
WELLS FARGO OBLIG#398	\$0.00	\$0.00	(\$57,000.00)
WELLS FARGO OBLIG# 448	\$811,715.73	(\$5,870.04)	\$811,715.73
WELLS FARGO OBLIG# 414	<u>\$0.00</u>	<u>\$0.00</u>	<u>(\$150,000.00)</u>
TOTAL CAPITALIZATION	\$29,869,514.38	(\$26,039.61)	\$777,207.73
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	\$42,981.04	\$13,519.15	\$17,295.15
WELLS FARGO -LINE OF CREDIT	\$0.00	\$0.00	\$0.00
ACCRUED CORP TAXES	\$276,947.99	\$118,747.99	(\$242,552.01)
ACCRUED PAYROLL TAXES	\$22,702.19	\$18,031.90	\$18,937.15
ACCRUED INTEREST	\$50,600.03	\$0.00	(\$9,876.70)
CUSTOMER DEPOSITS	\$39,300.83	\$50.00	(\$486.27)
MISC CURRENT AND ACCRUED LIAB	\$189,014.13	(\$83,295.84)	(\$47,702.90)
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL CURRENT LIABILITIES	\$621,546.21	\$67,053.20	(\$264,385.58)
DEFERRED CREDITS:			
CONTRIB IN AID OF CONST (CIAC)	\$7,247,611.98	(\$234,536.15)	(\$366,733.18)
OTHER DEFERRED CREDITS-REG LIAB	\$1,812,189.10	\$0.00	(\$162,102.48)
DEFERRED INCOME TAXES	\$4,865,357.00	(\$131,715.00)	\$160,076.00
ADVANCES FOR CONSTRUCTION	\$0.00	\$0.00	\$0.00
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL DEFERRED CREDITS	\$13,925,158.08	(\$366,251.15)	(\$368,759.66)
CURRENT PROFIT & LOSS	\$274,501.66	\$162,698.62	\$128,514.60
TOTAL CAPITAL & LIABILITIES	\$44,690,720.33	(\$162,538.94)	\$272,577.09

FOR INTERNAL USE ONLY

## **APPENDIX 7**

**THE COLUMBIA WATER COMPANY**  
**EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY**  
**PRO FORMA BALANCE SHEET**  
**DECEMBER 31, 2022**

<u>ASSETS</u>	<b>PRO FORMA BALANCE SHEET</b>
<b><u>UTILITY PLANT IN SERVICE</u></b>	
Utility Plant in Service, at Original Cost	69,289,227
Utility Plant Acquisition Adjustment	1,051,094
Reserve for Depreciation and Amortization	<u>(23,852,292)</u>
<b>NET UTILITY PLANT IN SERVICE</b>	<b><u>46,488,029</u></b>
<b><u>OTHER PHYSICAL PROPERTY</u></b>	
Other Physical Property, at Original Cost	<u>60,189</u>
<b><u>CURRENT ASSETS</u></b>	
Cash and Cash Equivalents	1,019,884
Cash - Escrow Deposits	41,180
Accounts Receivable, Customers	792,521
Other Accounts and Notes Receivable	161,689
Materials and Supplies Inventory	78,668
Prepayments	<u>79,325</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>2,173,267</u></b>
<b><u>OTHER ASSETS</u></b>	
Construction Work in Progress	399,619
Deferred Rate Case Expenses	-
Cash and Cash Equivalents - Restricted	13,043
Investments	<u>21,255</u>
<b>TOTAL OTHER ASSETS</b>	<b><u>433,917</u></b>
<b>TOTAL ASSETS</b>	<b><u><u>49,155,402</u></u></b>



**THE COLUMBIA WATER COMPANY  
EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY  
PRO FORMA BALANCE SHEET  
DECEMBER 31, 2022**

**CAPITALIZATION**

Stockholders' Investment	10,561,882
Long-term Debt , Net of Current Portion	18,507,000
Net Investment in Capital Assets	2,590,313
Restricted Net Assets	13,043
Unrestricted Net Assets	1,023,227

**TOTAL CAPITALIZATION** 32,695,465

**CURRENT LIABILITIES**

Current Portion of Long-Term Debt	2,011,000
Accounts Payable	72,091
Accrued Liabilities	233,958
Accrued Corporate Taxes	225,948
Payroll Taxes Withheld and Accrued	8,394
Accrued Interest Payable	56,249
Customer Deposits	39,001
Customer Account Credits	37,652
Developer Escrows	41,088
PPP Loan	-

**TOTAL CURRENT LIABILITIES** 2,725,381

**DEFERRED CREDITS**

Contributions in Aid of Construction	7,247,612
Deferred Tax Liability	4,836,857
Regulatory Liability	1,650,087

**TOTAL DEFERRED CREDITS** 13,734,556

**TOTAL CAPITALIZATION AND LIABILITIES** 49,155,402

For Internal Management use only.

## **APPENDIX 8**

COLUMBIA WATER COMPANY  
(COMBINED FINANCIALS)

INCOME

MARCH 2021

	CURRENT MO ^MARCH 2021	FILE:INCOME INC OVER ^MARCH 2020	YR TO DATE ^MARCH 2021	INC OVER YR TO DATE 2020
METERED SALES:				
RESIDENTIAL	\$335,689.98	\$8,767.56	\$1,037,249.55	\$24,269.06
COMMERCIAL	\$64,500.49	(\$1,963.47)	\$194,887.57	(\$8,882.52)
INDUSTRIAL	\$28,457.83	(\$1,101.70)	\$85,729.15	(\$3,359.13)
PUBLIC	\$4,887.08	(\$146.36)	\$14,484.04	(\$692.29)
TOTAL METERED SALES	\$433,535.38	\$5,556.03	\$1,332,350.31	\$11,335.12
UNMETERED SALES:				
FIRE SERVICES	\$34,468.38	\$860.38	\$100,868.38	\$1,260.38
	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL UNMETERED	\$34,468.38	\$860.38	\$100,868.38	\$1,260.38
TOTAL SALES	\$468,003.76	\$6,416.41	\$1,433,218.69	\$12,595.50
DISCOUNTS FORFEITED	\$28.00	(\$980.30)	\$80.79	(\$3,510.76)
MISC. WATER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00
DSIC SURCHARGE	\$5,995.25	\$1,443.84	\$17,909.39	\$4,150.51
PENNVEST SURCHARGE	\$90,524.72	(\$405.18)	\$271,324.24	(\$1,047.20)
TOTAL OPER. REVENUE	\$564,551.73	\$6,474.77	\$1,722,533.11	\$12,188.05
NON OPERAT REVENUE:				
RENT/LEASES	\$1,075.00	\$575.00	\$1,075.00	(\$1,000.00)
OTHER MISCELLANEOUS	\$1,233.32	\$1,203.23	\$1,288.15	\$206.08
TOTAL NON OPERATING	\$2,308.32	\$1,778.23	\$2,363.15	(\$793.92)
TOTAL OPER. REVENUE	\$564,551.73	\$6,474.77	\$1,722,533.11	\$12,188.05
TOTAL OPER. EXPENSE	\$423,962.19	(\$12,273.23)	\$1,271,841.38	(\$103,589.17)
NET OPER. INCOME	\$140,589.54	\$18,748.00	\$450,691.73	\$115,777.22
TOTAL NON OPER REV	\$2,308.32	\$1,778.23	\$4,418.11	\$1,261.04
TOTAL NON OPER EXP	(\$10.26)	(\$471.27)	\$1,259.02	(\$100.86)
NET NON OPER INCOME	\$2,318.58	\$2,249.50	\$3,159.09	\$1,361.90
TOTAL NET INCOME	\$142,908.12	\$20,997.50	\$453,850.82	\$117,139.12
INTEREST	\$58,486.77	(\$4,083.84)	\$179,349.16	(\$11,375.48)
NET PROFIT	\$84,421.35	\$25,081.34	\$274,501.66	\$128,514.60

FOR INTERNAL USE ONLY

COLUMBIA WATER COMPANY  
(COMBINED FINANCIALS)

EXPENSES

MARCH 2021

FILE:EXPENSES	CURRENT MO ^MARCH 2021	INC OVER ^MARCH 2020	YR TO DATE ^MARCH 2021	INC OVER YR TO DATE 2020
<b>PUMPING SYSTEM:</b>				
SALARIES AND WAGES	\$5,413.27	(\$9,926.34)	\$34,944.28	(\$8,065.37)
MATERIALS & SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00
POWER PURCHASED	\$14,348.31	(\$228.98)	\$43,140.07	(\$995.00)
CONT SERV/MISC	\$3,200.00	(\$109.26)	\$9,600.00	(\$5,602.55)
<b>TOTAL PUMP. EXP.</b>	<b>\$22,961.58</b>	<b>(\$10,264.58)</b>	<b>\$87,684.35</b>	<b>(\$14,662.92)</b>
<b>PURIFICATION:</b>				
SALARIES AND WAGES	\$15,519.60	\$2,309.64	\$45,904.65	\$2,746.67
MATERIALS & SUPPLIES	\$8,201.29	(\$5,850.21)	\$33,438.57	\$5,425.73
CHEMICAL TREATMENT	\$7,797.03	\$1,401.21	\$20,287.68	\$2,219.33
CONT SERV/RENT EQUIP	\$5,907.50	\$1,871.24	\$12,468.86	(\$7,840.59)
<b>TOTAL PURIFICATION EXP.</b>	<b>\$37,425.42</b>	<b>(\$268.12)</b>	<b>\$112,099.76</b>	<b>\$2,551.14</b>
<b>DISTRIBUTION:</b>				
SALARIES AND WAGES	\$27,720.64	(\$3,061.98)	\$90,075.94	(\$9,064.49)
MATERIALS & SUPPLIES	\$9,690.68	\$2,824.02	\$22,531.24	(\$3,027.57)
CONT SERV/MISC	\$10,252.72	\$3,634.19	\$31,319.15	\$7,314.87
TRANSPORTATION EXP	\$11,547.98	\$8,665.31	\$19,196.96	\$9,649.33
<b>TOTAL DIST.</b>	<b>\$59,212.02</b>	<b>\$12,061.54</b>	<b>\$163,123.29</b>	<b>\$4,872.14</b>
<b>CUSTOMER ACCT'G:</b>				
SALARIES AND WAGES	\$41,230.39	\$1,306.41	\$128,658.17	\$7,107.09
MATERIALS & SUPPLIES	\$6,834.01	\$6,042.23	\$20,186.72	(\$1,816.34)
TRANSPORTATION EXP	\$748.09	(\$116.96)	\$2,233.96	(\$301.07)
<b>TOTAL CUSTOMER ACCT'G</b>	<b>\$48,812.49</b>	<b>\$7,231.68</b>	<b>\$151,078.85</b>	<b>\$4,989.68</b>
<b>ADMINISTRATION:</b>				
DIRECTORS AND OFFICERS				
FEES AND SALARIES	\$11,541.67	(\$275.00)	\$34,625.01	(\$1,100.00)
MATERIALS & SUPPLIES	\$3,684.52	\$2,750.84	\$33,113.84	\$9,290.42
LEGAL/ACCOUNTING	\$10,166.40	\$4,044.77	\$16,850.90	\$3,535.75
POWER PURCH/UTILITY	\$202.24	(\$3.53)	\$580.49	(\$4.73)
CONT SERV-MAINT FEE	\$7,470.54	\$1,637.69	\$20,333.57	\$2,974.95
CONT SERV-OTHER	\$18,670.59	\$10,468.72	\$30,596.70	\$6,056.95
INSURANCE	\$15,848.80	\$1,654.19	\$55,448.80	\$10,254.19
EMPLOYEE PENS & BENEFITS	\$25,153.59	(\$7,053.47)	\$82,650.03	(\$7,847.99)
MISC EXPENSES/RATE CASE	\$520.00	(\$12,236.00)	\$2,845.75	(\$33,318.88)
<b>TOTAL ADMINIST.</b>	<b>\$93,258.35</b>	<b>\$988.21</b>	<b>\$277,045.09</b>	<b>(\$10,159.34)</b>
<b>OTHER OPER.DEDUCT</b>				
DEPRECIATION	\$119,957.75	(\$16,946.75)	\$359,873.25	(\$70,840.25)
TAXES	\$42,334.58	(\$5,075.21)	\$120,936.79	(\$20,339.62)
<b>TOTAL-OTHER</b>	<b>\$162,292.33</b>	<b>(\$22,021.96)</b>	<b>\$480,810.04</b>	<b>(\$91,179.87)</b>
<b>TOTAL OPER. EXP</b>	<b>\$423,962.19</b>	<b>(\$12,273.23)</b>	<b>\$1,271,841.38</b>	<b>(\$103,589.17)</b>
<b>NON OPERATING EXP</b>	<b>(\$10.26)</b>	<b>(\$471.27)</b>	<b>\$1,259.02</b>	<b>(\$100.86)</b>
<b>INTEREST</b>	<b>\$58,486.77</b>	<b>(\$4,083.84)</b>	<b>\$179,349.16</b>	<b>(\$11,375.48)</b>
<b>TOTAL MISC.</b>	<b>\$58,476.51</b>	<b>(\$4,555.11)</b>	<b>\$180,608.18</b>	<b>(\$11,476.34)</b>
<b>TOTAL EXPENSES</b>	<b>\$482,438.70</b>	<b>(\$16,828.34)</b>	<b>\$1,452,449.56</b>	<b>(\$115,065.51)</b>

FOR INTERNAL USE ONLY

## **APPENDIX 9**

**THE COLUMBIA WATER COMPANY  
EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY  
PRO FORMA INCOME STATEMENT  
YEAR ENDED DECEMBER 31, 2022**

**PRO FORMA  
INCOME  
STATEMENT**

**OPERATING REVENUES**

METERED SALES	6,019,618
UNMETERED SALES	404,200
DISC SURCHARGE	72,900
DISCOUNTS FORFEITED	3,822
PENNVEST SURCHARGE	1,086,046
	1,086,046

**TOTAL OPERATING REVENUES** **7,586,586**

**OPERATING EXPENSES**

**PUMPING SYSTEM EXPENSES**

SALARIES AND WAGES	205,081
MATERIALS AND SUPPLIES	2,500
POWER PURCHASED	73,560
CONTRACTED SERVICES	48,742
	48,742

**TOTAL PUMPING SYSTEM EXPENSES** **329,883**

**PURIFICATION SYSTEM EXPENSES**

SALARIES AND WAGES	198,491
MATERIALS AND SUPPLIES	102,945
CHEMICAL TREATMENT	116,820
CONTRACTED SERVICES	66,400
POWER PURCHASED	-
TRANSPORTATION EXPENSE	50
	50

**TOTAL PURIFICATION SYSTEM EXPENSES** **484,706**

**DISTRIBUTION SYSTEM EXPENSES**

SALARIES AND WAGES	438,520
MATERIALS AND SUPPLIES	118,350
CONTRACTED SERVICES/RENT	123,800
POWER PURCHASED	122,800
TRANSPORTATION EXPENSE	72,600
	72,600

**TOTAL DISTRIBUTION SYSTEM EXPENSES** **876,070**

**CUSTOMERS ACCOUNTING EXPENSES**

SALARIES AND WAGES	238,400
MATERIALS AND SUPPLIES	82,800
CONTRACTED SERVICES	7,800
TRANSPORTATION EXPENSE	9,100
BAD DEBTS	\$17,100
	\$17,100

**TOTAL CUSTOMERS ACCOUNTING EXPENSES** **355,200**

**ADMINISTRATIVE AND GENERAL EXPENSES**

SALARIES , WAGES AND DIRECTORS FEES	172,000
SALARIES AND WAGES, OTHER ADMINISTRATIVE	349,100
MATERIALS AND SUPPLIES	20,200
POWER PURCHASED/UTILITY	2,300
CONTRACTED SERVICES	286,500
INSURANCE	242,000
EMPLOYEES' PENSION AND BENEFITS	364,800
TRANSPORTATION EXPENSE	-
ADVERTISING	-
MISCELLANEOUS EXPENSES	132,763
TAXES OTHER THAN INCOME	259,446
	259,446

**TOTAL ADMINISTRATIVE AND GENERAL EXPENSES** **1,829,109**

**THE COLUMBIA WATER COMPANY  
EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY  
PRO FORMA INCOME STATEMENT  
YEAR ENDED DECEMBER 31, 2022**

**PRO FORMA  
INCOME  
STATEMENT**

<b>DEPRECIATION AND AMORTIZATION</b>	
DEPRECIATION	1,592,735
<b>TOTAL DEPRECIATION</b>	<b>1,592,735</b>
<b>PLANT EXPENSES</b>	
SALARIES AND WAGES	75,000
CONTRACTED SERVICES	20,000
REPAIRS AND MAINTENANCE	72,199
UTILITIES	39,610
CHEMICALS	46,019
INSURANCE	17,024
LAB TESTING	13,438
PERMITS AND OTHER EXPENSES	12,625
<b>TOTAL PLANT EXPENSES</b>	<b>295,915</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>5,763,618</b>
<b>OPERATING INCOME</b>	<b>1,822,968</b>
<b><u>OTHER INCOME</u></b>	
RENTAL INCOME	36,394
REVENUE FROM MERCH JOBS	13,600
MISCELLANEOUS INCOME	3,500
INTEREST INCOME	11,475
TAPPING & ADMINISTRATIVE FEES	-
<b>TOTAL OTHER INCOME</b>	<b>64,969</b>
<b><u>OTHER EXPENSES</u></b>	
INTEREST EXPENSES	609,577
MISCELLANEOUS EXPENSES	25,359
<b>TOTAL OTHER EXPENSES</b>	<b>634,936</b>
NET INCOME BEFORE FEDERAL & PENNSYLVANIA INCOME TAX EXPENSE & EXTRAORDINARY ITEM	1,253,001
FEDERAL AND PENNSYLVANIA INCOME TAX EXPENSE	(10,118)
<b>NET INCOME FOR THE PERIOD</b>	<b>1,263,119</b>

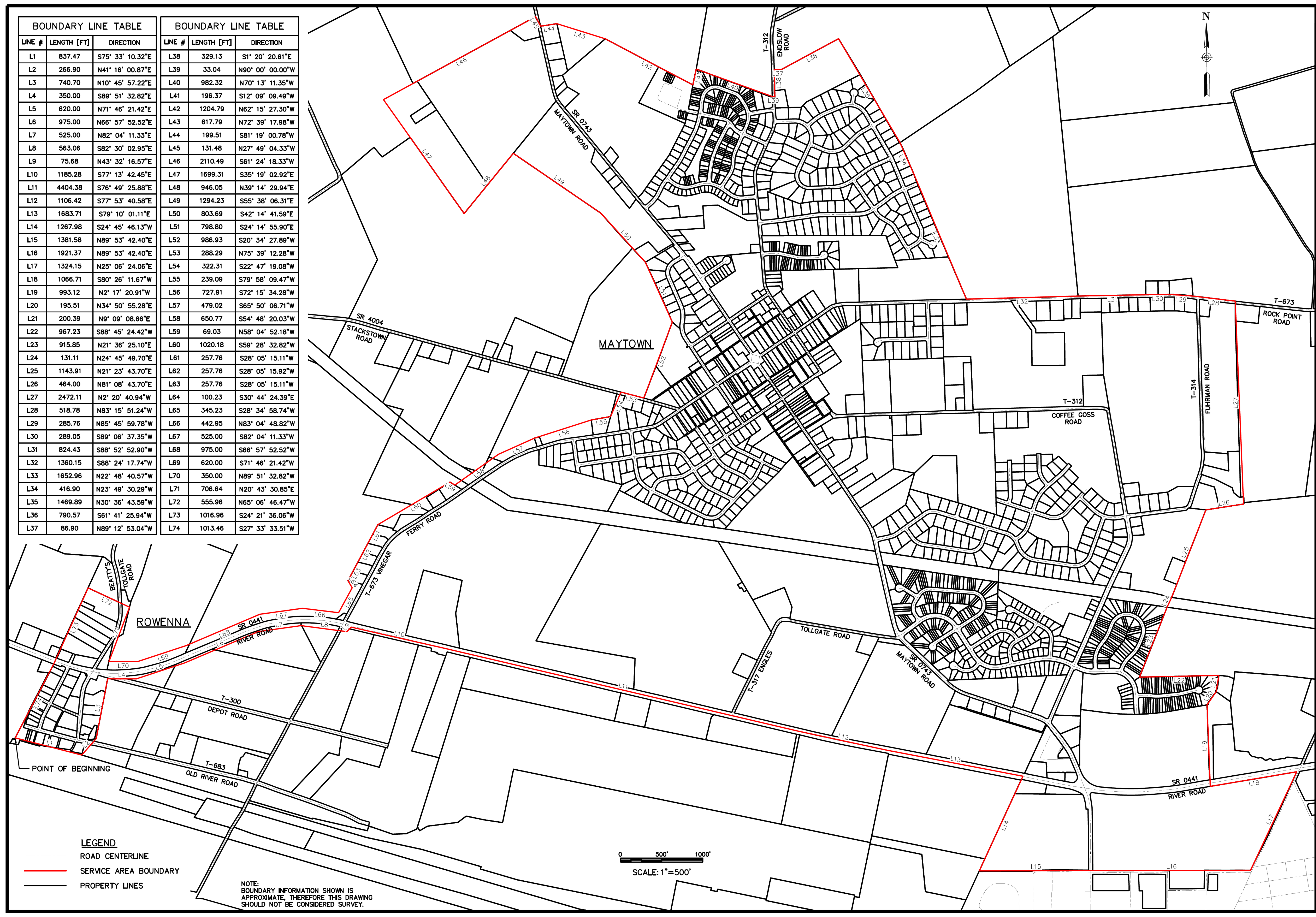
For Internal Management use only.

## **APPENDIX 10**



LINE #	LENGTH [FT]	DIRECTION
L1	837.47	S75° 33' 10.32"E
L2	266.90	N41° 16' 00.87"E
L3	740.70	N10° 45' 57.22"E
L4	350.00	S89° 51' 32.82"E
L5	620.00	N71° 46' 21.42"E
L6	975.00	N66° 57' 52.52"E
L7	525.00	N82° 04' 11.33"E
L8	563.06	S82° 30' 02.95"E
L9	75.68	N43° 32' 16.57"E
L10	1185.28	S77° 13' 42.45"E
L11	4404.38	S76° 49' 25.88"E
L12	1106.42	S77° 53' 40.58"E
L13	1683.71	S79° 10' 01.11"E
L14	1267.98	S24° 45' 46.13"W
L15	1381.58	N89° 53' 42.40"E
L16	1921.37	N89° 53' 42.40"E
L17	1324.15	N25° 06' 24.06"E
L18	1066.71	S80° 26' 11.67"W
L19	993.12	N2° 17' 20.91"W
L20	195.51	N34° 50' 55.28"E
L21	200.39	N9° 09' 08.66"E
L22	967.23	S88° 45' 24.42"W
L23	915.85	N21° 36' 25.10"E
L24	131.11	N24° 45' 49.70"E
L25	1143.91	N21° 23' 43.70"E
L26	464.00	N81° 08' 43.70"E
L27	2472.11	N2° 20' 40.94"W
L28	518.78	N83° 15' 51.24"W
L29	285.76	N85° 45' 59.78"W
L30	289.05	S89° 06' 37.35"W
L31	824.43	S88° 52' 52.90"W
L32	1360.15	S88° 24' 17.74"W
L33	1652.96	N22° 48' 40.57"W
L34	416.90	N23° 49' 30.29"W
L35	1469.89	N30° 36' 43.59"W
L36	790.57	S61° 41' 25.94"W
L37	86.90	N89° 12' 53.04"W

LINE #	LENGTH [FT]	DIRECTION
L38	329.13	S1° 20' 20.61"E
L39	33.04	N90° 00' 00.00"W
L40	982.32	N70° 13' 11.35"W
L41	196.37	S12° 09' 09.49"W
L42	1204.79	N62° 15' 27.30"W
L43	617.79	N72° 39' 17.98"W
L44	199.51	S81° 19' 00.78"W
L45	131.48	N27° 49' 04.33"W
L46	2110.49	S61° 24' 18.33"W
L47	1699.31	S35° 19' 02.92"E
L48	946.05	N39° 14' 29.94"E
L49	1294.23	S55° 38' 06.31"E
L50	803.69	S42° 14' 41.59"E
L51	798.80	S24° 14' 55.90"E
L52	986.93	S20° 34' 27.89"W
L53	288.29	N75° 39' 12.28"W
L54	322.31	S22° 47' 19.08"W
L55	239.09	S79° 58' 09.47"W
L56	727.91	S72° 15' 34.28"W
L57	479.02	S65° 50' 06.71"W
L58	650.77	S54° 48' 20.03"W
L59	69.03	N58° 04' 52.18"W
L60	1020.18	S59° 28' 32.82"W
L61	257.76	S28° 05' 15.11"W
L62	257.76	S28° 05' 15.92"W
L63	257.76	S28° 05' 15.11"W
L64	100.23	S30° 44' 24.39"E
L65	345.23	S28° 34' 58.74"W
L66	442.95	N83° 04' 48.82"W
L67	525.00	S82° 04' 11.33"W
L68	975.00	S66° 57' 52.52"W
L69	620.00	S71° 46' 21.42"W
L70	350.00	N89° 51' 32.82"W
L71	706.64	N20° 43' 30.85"E
L72	555.96	N65° 06' 46.47"W
L73	1016.96	S24° 21' 36.06"W
L74	1013.46	S27° 33' 33.51"W



**LEGEND**

- ROAD CENTERLINE
- SERVICE AREA BOUNDARY
- PROPERTY LINES

NOTE: BOUNDARY INFORMATION SHOWN IS APPROXIMATE. THEREFORE THIS DRAWING SHOULD NOT BE CONSIDERED SURVEY.

SCALE: 1"=500'

**Dewberry**  
 100 Sterling Parkway, Suite 201  
 Mechanicsburg, PA 17050  
 717.240.0344 Fax: 717.240.0466  
 www.dewberry.com

Drawn by: CPM  
 Designed by: TJA  
 Checked by: JDH

NO.	DESCRIPTION	REV. BY	DATE


COLUMBIA WATER CO.  
 220 LOCUST STREET  
 P.O. BOX 350  
 COLUMBIA, PA 17512  
 (717) 684-2188

EAST DONEGAL TOWNSHIP  
 WATER SERVICE MAP  
 EAST DONEGAL TOWNSHIP  
 LANCASTER COUNTY, PA

Date: 07/07/21  
 Scale: AS-SHOWN  
 Sheet: 1 of 1  
 File number:

## VERIFICATION

I, Robert E. Hiestand, on behalf of East Donegal Township Municipal Authority ("Authority"), hereby state that the facts set forth in the foregoing statement and its attachments are true and correct to the best of my knowledge, information and belief, and that I or the Authority expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

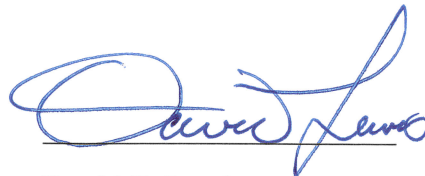
A handwritten signature in black ink, appearing to read "Robert E. Hiestand", written over a horizontal line.

Robert E. Hiestand  
Chairman  
East Donegal Township Municipal Authority

Dated: June 30, 2021

## VERIFICATION

I, David T. Lewis, on behalf of Columbia Water Company ("Company"), hereby state that the facts set forth in the foregoing statement and its attachments are true and correct to the best of my knowledge, information and belief, and that I or the Company expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



David T. Lewis  
Vice President and  
General Manager  
Columbia Water Company

Dated: June 30, 2021