

EXHIBIT AA

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer’s most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer’s previously approved single-tariff pricing model.
 - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
 - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.

Response: Regarding a. and b. above, please refer to Appendix A of Aqua Statement No. 1, Direct Testimony of William C. Packer, included as Exhibit U to the Application.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

2. If the Buyer has a present intention to increase the acquired system’s rates to a certain level, please state the basis for the targeted rate.

Response: Aqua has no present intention to increase the City of Beaver Falls (“City” or “Beaver Falls”) rates to a targeted rate. Please see the pro forma agreements for the Contributing Municipalities, included as Application Exhibit F9 and F10.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.

Response: Please refer to Appendix A of Aqua Statement No. 1, Direct Testimony of William C. Packer, included as Exhibit U to the Application.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

4. Provide an estimate of the annual revenue requirement of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

Response: Please refer to Appendix A of Aqua Statement No. 1, Direct Testimony of William C. Packer, included as Exhibit U to the Application.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

5. Other than the STAS, does Buyer’s current water/wastewater tariff include any provisions that would fall under “pass-through costs or charges imposed by the Commonwealth of Pennsylvania”?

Response: Aqua has a Distribution System Improvement Charge (“DSIC”) in its current wastewater tariff.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

6. Provide a listing of any entities that currently receive free service from the Seller.

Response: There are no entities that receive free wastewater service from Beaver Falls.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

7. In the next rate case, does buyer anticipate including the acquired system in a combined revenue requirement?

Response: Aqua anticipates including the Beaver Falls system in a combined revenue requirement in the next rate case.

**AQUA PENNSYLVANIA WASTEWATER, INC.
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Section 1329 Application Standard Data Requests**

Rates/Ratemaking

8. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

Response: Beaver Falls' currently effective rate ordinance imposes a 3% increase per year to both inside City customers and the Contributing Municipalities. This rate increase was effective January 1, 2023. Please see Application Exhibit X, the Direct Testimony of Charles R. Jones, Jr., Aqua Statement No. 4, page 10. Please see Application Exhibit U, the Direct Testimony of William C. Packer, Aqua Statement No. 1, Appendix A for total annual revenues under the new rates. Please see Application Exhibit H for the City's rate ordinance.

**AQUA PENNSYLVANIA WASTEWATER, INC.
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Section 1329 Application Standard Data Requests**

Rates/Ratemaking

9. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

Response: The Company is not presently aware of any needed leases, easements or access to public rights-of-way that will not be transferred at closing. Beaver Falls and the Abstractor are currently reviewing real property records to determine any needed easements and will be obtaining any needed easements in accordance with Article 6 of the Asset Purchase Agreement, including the real property interests of the Eastvale Pump Station as noted in Schedule 4.09 of the Asset Purchase Agreement (Application Exhibit B). In addition, the City notes that it included for the sake of disclosure an April 8, 2014 Capital Lease Agreement, but has not been able to identify the counterparty entity and makes no representation as to the validity of that agreement.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Costs/Benefits

10. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

Response: The estimated total transaction and closing costs are included in the application at paragraph 57. Please see below for a breakdown of costs projected through closing. Please see Application Exhibit S1 for ScottMadden UVE invoices. Please see the attachments to SDR-10 for copies of other invoices incurred to date on the Application.

Legal	\$650,000
UVE	\$50,000
Engineering Assessment	\$14,980
Total	\$714,980

The costs shown above are estimated costs and are subject to change.



POST & SCHELL, P.C.
FOUR PENN CENTER
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215-587-1000

TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
AQUA PENNSYLVANIA, INC.
762 W LANCASTER AVENUE
BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1100521
INVOICE DATE 07/15/2022
CLIENT NUMBER [REDACTED]
MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

[REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 06/30/2022

PROFESSIONAL CHARGES	1,595.00
EXPENSES	0.00
CURRENT INVOICE	<u>1,595.00</u>

WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
Bank Address:

[REDACTED]

ABA No.:
Account Name:
Account Number:
Swift Code:

[REDACTED]



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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1100521
 INVOICE DATE 07/15/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 06/30/22:

DATE	ATTORNEY	HOURS	VALUE
06/13/22	[REDACTED]		210.00
06/15/22	[REDACTED]		860.00
06/16/22	[REDACTED]		525.00
TOTAL		5.50	1,595.00

ATTORNEY TIME SUMMARY:

ATTORNEY	STATUS	HOURS	RATE	VALUE
[REDACTED]				

TOTAL CURRENT INVOICE: 1,595.00



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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1104440
 INVOICE DATE 08/14/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION
 [REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 07/31/2022

PROFESSIONAL CHARGES	2,855.00
EXPENSES	0.00
CURRENT INVOICE	2,855.00
PREVIOUS BALANCE DUE	1,595.00
TOTAL AMOUNT DUE	4,450.00

Account Statement

Date	Invoice #	Fees Due	Costs Due	Other Due	Total Due
07/15/2022	1100521	1,595.00	0.00	0.00	1,595.00
08/14/2022	1104440	2,855.00	0.00	0.00	2,855.00
Totals:		4,450.00	0.00	0.00	4,450.00

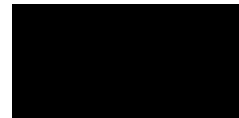
WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
 Bank Address:



ABA No.:
 Account Name:
 Account Number:
 Swift Code:





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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1104440
 INVOICE DATE 08/14/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

2022-00135
 BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 07/31/22:

DATE	ATTORNEY	HOURS	VALUE
07/05/22	[REDACTED]		63.00
07/08/22	[REDACTED]		126.00
07/08/22	[REDACTED]		215.00
07/12/22	[REDACTED]		63.00
07/12/22	[REDACTED]		129.00
07/19/22	[REDACTED]		210.00
07/19/22	[REDACTED]		210.00
07/19/22	[REDACTED]		172.00
07/20/22	[REDACTED]		420.00
07/20/22	[REDACTED]		1,075.00
07/26/22	[REDACTED]		172.00
TOTAL		9.30	2,855.00


██████
██████
08/14/2022

AQUA PENNSYLVANIA, INC.
AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

Invoice Number 1104440

Page 3

ATTORNEY TIME SUMMARY:

ATTORNEY	STATUS	HOURS	RATE	VALUE
				

TOTAL CURRENT INVOICE:				2,855.00
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 FOUR PENN CENTER
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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1109692
 INVOICE DATE 09/20/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION
 [REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 08/31/2022

PROFESSIONAL CHARGES	1,882.00
EXPENSES	0.00
CURRENT INVOICE	1,882.00
PREVIOUS BALANCE DUE	2,855.00
TOTAL AMOUNT DUE	4,737.00

Account Statement

Date	Invoice #	Fees Due	Costs Due	Other Due	Total Due
08/14/2022	1104440	2,855.00	0.00	0.00	2,855.00
09/20/2022	1109692	1,882.00	0.00	0.00	1,882.00
Totals:		4,737.00	0.00	0.00	4,737.00

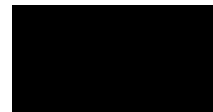
WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
 Bank Address:



ABA No.:
 Account Name:
 Account Number:
 Swift Code:





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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1109692
 INVOICE DATE 09/20/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

2022-00135
 BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 08/31/22:

DATE	ATTORNEY	HOURS	VALUE
08/02/22	[REDACTED]		210.00
08/02/22	[REDACTED]		147.00
08/02/22	[REDACTED]		301.00
08/09/22	[REDACTED]		86.00
08/09/22	[REDACTED]		42.00
08/11/22	[REDACTED]		210.00
08/23/22	[REDACTED]		172.00
08/23/22	[REDACTED]		63.00
08/29/22	[REDACTED]		567.00
08/30/22	[REDACTED]		84.00
TOTAL		7.60	1,882.00


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██████
09/20/2022

AQUA PENNSYLVANIA, INC.
AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

Invoice Number 1109692

Page 3

ATTORNEY TIME SUMMARY:

ATTORNEY	STATUS	HOURS	RATE	VALUE
				
TOTAL CURRENT INVOICE:				1,882.00



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 215-587-1000

TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1113565
 INVOICE DATE 10/15/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION
 [REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 09/30/2022

PROFESSIONAL CHARGES	4,315.00
EXPENSES	0.00
CURRENT INVOICE	4,315.00
PREVIOUS BALANCE DUE	1,882.00
TOTAL AMOUNT DUE	6,197.00

Account Statement

Date	Invoice #	Fees Due	Costs Due	Other Due	Total Due
09/20/2022	1109692	1,882.00	0.00	0.00	1,882.00
10/15/2022	1113565	4,315.00	0.00	0.00	4,315.00
Totals:		6,197.00	0.00	0.00	6,197.00

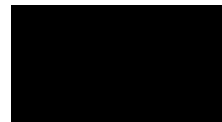
WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
 Bank Address:



ABA No.:
 Account Name:
 Account Number:
 Swift Code:





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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1113565
 INVOICE DATE 10/15/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

2022-00135
 BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 09/30/22:

DATE	ATTORNEY	HOURS	VALUE
09/06/22	[REDACTED]		129.00
09/07/22	[REDACTED]		430.00
09/13/22	[REDACTED]		42.00
09/13/22	[REDACTED]		210.00
09/13/22	[REDACTED]		129.00
09/14/22	[REDACTED]		252.00
09/14/22	[REDACTED]		420.00
09/14/22	[REDACTED]		645.00
09/15/22	[REDACTED]		63.00
09/15/22	[REDACTED]		1,720.00
09/16/22	[REDACTED]		105.00
09/20/22	[REDACTED]		86.00
09/27/22	[REDACTED]		84.00
TOTAL		12.90	4,315.00


██████
██████
10/15/2022

AQUA PENNSYLVANIA, INC.
AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

Invoice Number 1113565

Page 3

ATTORNEY TIME SUMMARY:

ATTORNEY	STATUS	HOURS	RATE	VALUE
				
TOTAL CURRENT INVOICE:				4,315.00



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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1117497
 INVOICE DATE 11/12/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION
 [REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 10/31/2022

PROFESSIONAL CHARGES	857.00
EXPENSES	0.00
CURRENT INVOICE	857.00
PREVIOUS BALANCE DUE	4,315.00
TOTAL AMOUNT DUE	5,172.00

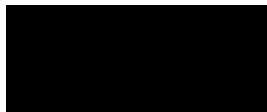
Account Statement

Date	Invoice #	Fees Due	Costs Due	Other Due	Total Due
10/15/2022	1113565	4,315.00	0.00	0.00	4,315.00
11/12/2022	1117497	857.00	0.00	0.00	857.00
Totals:		5,172.00	0.00	0.00	5,172.00

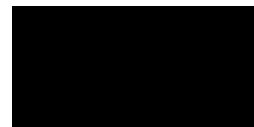
WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
 Bank Address:



ABA No.:
 Account Name:
 Account Number:
 Swift Code:





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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
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 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1117497
 INVOICE DATE 11/12/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

2022-00135
 BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 10/31/22:

DATE	ATTORNEY	HOURS	VALUE
10/04/22	[REDACTED]		63.00
10/04/22	[REDACTED]		301.00
10/11/22	[REDACTED]		129.00
10/18/22	[REDACTED]		63.00
10/18/22	[REDACTED]		172.00
10/19/22	[REDACTED]		129.00
TOTAL		2.30	857.00

ATTORNEY TIME SUMMARY:

ATTORNEY	STATUS	HOURS	RATE	VALUE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

TOTAL CURRENT INVOICE: 857.00



POST & SCHELL, P.C.
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215-587-1000

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 215-587-1000

TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1121795
 INVOICE DATE 12/14/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION
 [REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 11/30/2022

PROFESSIONAL CHARGES	4,039.00
EXPENSES	0.00
CURRENT INVOICE	4,039.00
PREVIOUS BALANCE DUE	5,172.00
TOTAL AMOUNT DUE	9,211.00

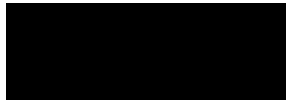
Account Statement

Date	Invoice #	Fees Due	Costs Due	Other Due	Total Due
10/15/2022	1113565	4,315.00	0.00	0.00	4,315.00
11/12/2022	1117497	857.00	0.00	0.00	857.00
12/14/2022	1121795	4,039.00	0.00	0.00	4,039.00
Totals:		9,211.00	0.00	0.00	9,211.00

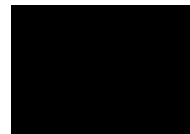
WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
 Bank Address:



ABA No.:
 Account Name:
 Account Number:
 Swift Code:





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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1121795
 INVOICE DATE 12/14/2022
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

2022-00135
 BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 11/30/22:

DATE	ATTORNEY	HOURS	VALUE
11/01/22	[REDACTED]		630.00
11/01/22	[REDACTED]		21.00
11/08/22	[REDACTED]		42.00
11/15/22	[REDACTED]		420.00
11/15/22	[REDACTED]		42.00
11/15/22	[REDACTED]		215.00
11/16/22	[REDACTED]		42.00
11/16/22	[REDACTED]		430.00
11/18/22	[REDACTED]		420.00
11/21/22	[REDACTED]		168.00
11/22/22	[REDACTED]		84.00
11/22/22	[REDACTED]		172.00
11/23/22	[REDACTED]		860.00
11/29/22	[REDACTED]		63.00



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TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1124950
 INVOICE DATE 01/13/2023
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION
 [REDACTED]

FOR PROFESSIONAL SERVICES RENDERED THROUGH 12/31/2022

PROFESSIONAL CHARGES	511.00
EXPENSES	0.00
CURRENT INVOICE	511.00
PREVIOUS BALANCE DUE	4,896.00
TOTAL AMOUNT DUE	5,407.00

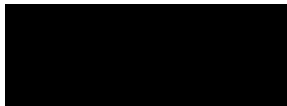
Account Statement

Date	Invoice #	Fees Due	Costs Due	Other Due	Total Due
11/12/2022	1117497	857.00	0.00	0.00	857.00
12/14/2022	1121795	4,039.00	0.00	0.00	4,039.00
01/13/2023	1124950	511.00	0.00	0.00	511.00
Totals:		5,407.00	0.00	0.00	5,407.00

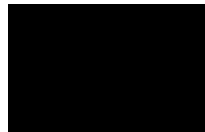
WIRE INSTRUCTIONS

TAX ID # [REDACTED]

Bank Name:
 Bank Address:



ABA No.:
 Account Name:
 Account Number:
 Swift Code:





POST & SCHELL, P.C.
 FOUR PENN CENTER
 1600 JOHN F. KENNEDY BOULEVARD
 PHILADELPHIA, PENNSYLVANIA 19103
 215-587-1000

TAX ID # [REDACTED]

ALEXANDER STAHL, ESQUIRE
 AQUA PENNSYLVANIA, INC.
 762 W LANCASTER AVENUE
 BRYN MAWR, PA 19010-3489

INVOICE NUMBER 1124950
 INVOICE DATE 01/13/2023
 CLIENT NUMBER [REDACTED]
 MATTER NUMBER [REDACTED]

2022-00135
 BILLING ATTORNEY MICHAEL W HASSELL

DATE OF ASSIGNMENT: 06/10/22

RE: AQUA - BEAVER FALLS SECTION 1329 ACQUISITION

FOR PROFESSIONAL SERVICES RENDERED THROUGH 12/31/22:

DATE	ATTORNEY	HOURS	VALUE
12/02/22	[REDACTED]		105.00
12/06/22	[REDACTED]		105.00
12/13/22	[REDACTED]		215.00
12/20/22	[REDACTED]		86.00
TOTAL		1.70	511.00

ATTORNEY TIME SUMMARY:

ATTORNEY	STATUS	HOURS	RATE	VALUE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

TOTAL CURRENT INVOICE: 511.00

City of Beaver Falls

715 15th St.
Beaver Falls, PA 15010

Invoice

12/15/2022

Invoice #: 1025

Due Date: 12/15/2022

AQUA

P.O. Number:

Date	Description	QTY	Rate	Amount
12/15/2022	CITY OF BEAVER FALLS ENGINEERING ASSESSMENT	1	14,979.58	14,979.58

AQUA TO PAY HALF OF ENGINEERING ASSESSMENT FOR SALE OF THE WASTEWATER SYSTEM

Total \$14,979.58

Payments/Credits \$0.00

Balance Due \$14,979.58

Phone #	Fax:
724-847-2800	724-847-4748



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

October 5, 2022
336572

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of September 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$1,702.00
Expenses billed	\$0.00
Current charges	\$1,702.00

PLEASE PAY THIS AMOUNT **\$1,702.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

September 21, 2022
335572

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of August 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$2,368.00
Expenses billed	\$0.00
Current charges	\$2,368.00

PLEASE PAY THIS AMOUNT **\$2,368.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

September 9, 2022
335119

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of July 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$6,364.00
Expenses billed	\$0.00
Current charges	\$6,364.00

PLEASE PAY THIS AMOUNT **\$6,364.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

September 6, 2022
335022

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of May 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$6,844.00
Expenses billed	\$0.00
Current charges	\$6,844.00

PLEASE PAY THIS AMOUNT **\$6,844.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

July 6, 2022
334127

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of June 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$14,832.00
Expenses billed	\$57.04
Current charges	\$14,889.04

PLEASE PAY THIS AMOUNT **\$14,889.04**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

May 19, 2022
332278

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of April 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$555.00
Expenses billed	\$0.00
Current charges	\$555.00

PLEASE PAY THIS AMOUNT **\$555.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

April 20, 2022
331454

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of March 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$8,301.50
Expenses billed	\$0.00
Current charges	\$8,301.50

PLEASE PAY THIS AMOUNT **\$8,301.50**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

March 16, 2022
330446

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of February 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$629.00
Expenses billed	\$0.00
Current charges	\$629.00

PLEASE PAY THIS AMOUNT **\$629.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

February 23, 2022
329604

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of January 2022 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$1,215.00
Expenses billed	\$0.00
Current charges	\$1,215.00

PLEASE PAY THIS AMOUNT **\$1,215.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

January 25, 2022
328536

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of December 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$825.00
Expenses billed	\$0.00
Current charges	\$825.00

PLEASE PAY THIS AMOUNT **\$825.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

October 13, 2021
325370

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of September 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$2,759.50
Expenses billed	\$0.00
Current charges	\$2,759.50

PLEASE PAY THIS AMOUNT **\$2,759.50**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

September 29, 2021
324807

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of August 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$2,595.00
Expenses billed	\$0.00
Current charges	\$2,595.00

PLEASE PAY THIS AMOUNT **\$2,595.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

August 19, 2021
323492

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of July 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$6,757.50
Expenses billed	\$0.00
Current charges	\$6,757.50

PLEASE PAY THIS AMOUNT **\$6,757.50**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

July 27, 2021
322854

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of June 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$2,772.00
Expenses billed	\$0.00
Current charges	\$2,772.00

PLEASE PAY THIS AMOUNT **\$2,772.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

June 17, 2021
321751

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of May 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$7,280.00
Expenses billed	\$0.00
Current charges	\$7,280.00

PLEASE PAY THIS AMOUNT **\$7,280.00**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

May 24, 2021
320854

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the month of April 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$10,431.50
Expenses billed	\$0.00
Current charges	\$10,431.50

PLEASE PAY THIS AMOUNT **\$10,431.50**



Houston Harbaugh

ATTORNEYS AT LAW

Three Gateway Center
401 Liberty Avenue, 22nd Floor
Pittsburgh, PA 15222-1005

412/281-5060

FAX 412/281-4499

File Number 41751-0001

April 21, 2021
319688

Billed via: Legal Tracker
Essential Utilities
Aqua Pennsylvania Wastewater, Inc.

Acquisition of Beaver Falls Plant

For professional services rendered to Aqua Pennsylvania Wastewater, Inc for the months of February and March 2021 related to the acquisition of the Beaver Falls sanity sewer system.

Fees billed	\$5,867.50
Expenses billed	\$0.00
Current charges	\$5,867.50

PLEASE PAY THIS AMOUNT **\$5,867.50**

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Costs/Benefits

11. Please describe known and anticipated general expense savings and efficiencies under Buyer’s ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

Response: Aqua estimates annual operating and maintenance expenses of approximately \$1.46M based on Beaver Falls’ operating expenses presented in the 2021 financial statements adjusted by the Company. This represents an approximate 29% decrease in annual expenses. The assumed reduction in operating costs is based on Aqua’s experience and estimates of costs during the first year of operations. Please also refer to the direct testimonies of William C. Packer (Aqua Statement No. 1) and Zach Martin (Aqua Statement No. 3), included in the Application as Exhibit U and Exhibit W, respectively, for further costs/benefits of the system under the Buyer’s ownership.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Costs/Benefits

12. Please provide a copy of the Seller’s request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.

Response: Please see the attachment to SDR-12.

CITY OF BEAVER FALLS
SEWER SYSTEM TRANSACTION - REQUEST FOR BIDS (“RFB”)
PRE-QUALIFIED BIDDERS ONLY

RFB Distributed: July 23, 2021

Proposals Due: August 20, 2021

1. GENERAL INFORMATION FOR THE PROPOSER:

This Request for Bids (“RFB”) is being provided to your team by the City of Beaver Falls, Beaver County (together “Beaver Falls” or the “Seller”) to solicit a final, binding proposal (the “Proposal”) to enter into the Asset Purchase Agreement (the “APA”) for the sanitary sewer collection, conveyance, and treatment system (the “Sewer System”).

The assets included in the Transaction are described in more detail in the APA. Except for removing relevant bracketed information and filling in blanks, and except as otherwise provided herein, no changes will be permitted to the APA prior to signing, without written consent from Beaver Falls.

All recipients of this RFB submitted responses to the Request for Qualifications for Sewer System Sale Exploration dated December 16, 2020 (the “RFQ”) and were determined to be eligible for consideration in moving forward with the proposed transaction process (“Pre-Qualified Proposers”). The Pre-Qualified Proposers were subsequently provided with the opportunity to conduct additional due diligence on the sewer system assets included in the APA (the “System”), including (i) access to an online data room, a tour of the wastewater treatment plant, and (ii) meetings and/or telephone or video conferences with Beaver Falls representatives and advisors. In addition, Beaver Falls solicited feedback on drafts of the APA.

2. SYSTEM DESCRIPTION:

All assets owned by the Seller comprising the System are set forth in Section 2.01 of the APA.

3. INFORMATION REQUIRED FROM PROPOSERS AND SELECTION CRITERIA:

All Pre-Qualified Proposers eligible to respond to this RFB were deemed eligible to move forward based on their demonstrated technical and financial qualifications detailed in their response to the RFQ. All Pre-Qualified Proposers who submit a response to this RFB (“Proposers”) must comply with the requirements set forth in this document for submitting a Proposal. Provided that the Proposal requirements are met, and the Proposer is found to remain qualified, responsible, and responsive, the award of the Agreement will be based what Beaver Falls deems to be the best overall bid considering the criteria set forth herein. In accordance with 62 Pa.C.S. §513(d), the contents of Proposals will not be publicly disclosed at the time of opening of the Proposals.

Each Proposal shall be in writing and formatted in accordance with the following outline:

Section 1.0 Executive Summary

- Proposal Form 1: Transmittal Letter
- Proposal Form 2: Non-Collusion Affidavit

Section 2.0 Project Team and Technical Capability Information

- Proposal Form 3: Statement of Ownership - Proposer
- Proposal Form 4: Operator Information
- Proposal Form 5: Contract and Lobbyist Disclosure

Section 3.0 Business Proposal

- Proposal Form 6A: Business Proposal – No Rate Freeze
- Proposal Form 6B: Business Proposal – 2 Year Rate Freeze

4. SUBMISSION INSTRUCTIONS AND REQUIREMENTS:

One (1) original and two (2) hard copies of the Proposal shall be submitted, with the original copy of the Proposal clearly marked as the original. The set marked as original must contain the original signature forms and other original documents. ***All packages shall be sealed and clearly marked with the legend: “RESPONSE TO BEAVER FALLS SEWER SYSTEM RFB.”*** In accordance with Section 8 of this RFB, the contents of the Proposal will not be made public until after the award of a contract. The Proposal shall be submitted in a sealed envelope or package addressed to:

PFM Financial Advisors LLC
c/o Ben Kapenstein
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

THE SEALED PROPOSAL MUST BE RECEIVED NO LATER THAN 2:00 P.M. EASTERN TIME ON AUGUST 20, 2021.

To the extent there are any questions regarding delivery of the Proposal, please contact Ben Kapenstein at kapensteinb@pfm.com or 717-232-2723.

By submitting a Proposal, Proposers acknowledge and agree to the following conditions:

- All Proposals submitted in response to this RFB shall become the property of Beaver Falls. As such, after the award of a contract, or after the opening and rejection of all Proposals, Proposals submitted will become public records subject to public review under applicable law, subject to certain exceptions as described in this RFB.
- The selection of a Proposal by Beaver Falls shall not waive or limit any assumptions of risk, provision of indemnity, or other obligations of the Proposer under the APA as may be executed between the Proposer and Beaver Falls.
- Proposers and their representatives shall comply with the communications protocol set forth in Section 5 of this RFB with respect to all communications concerning this RFB.
- Proposals shall comply with all content requirements of this RFB. Failure to comply with such requirements may result in a Proposer being deemed non-responsive.
- The pre-qualification of Proposers to receive this RFB and provide a Proposal does not waive or abridge the right of Beaver Falls to find that any Proposer is not qualified or that the Proposal is non-responsive to the requirements of this RFB.
- **Capital Lease Agreement (JSU Agreement) - Proposers should assume that either the City is able to obtain the consent to assign the agreement from all parties without changing the contract end date of 12/31/2024 or that the Agreement is terminated by all parties. If consent to assign is obtained as opposed to termination of the contract, Section 7 (requiring the municipalities to maintain and repair the lines) and Section 8(c) (providing for extension of the agreement to accommodate JSU financing) will be deleted. Additionally, the City retains the option to challenge the validity of the Capital Lease Agreement in the appropriate venue.**
- **Proposers should ensure that the written and numerical Purchase Price/Consideration in Business Proposal 6A and/or 6B (options explained later) match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.**
- **Bids must be submitted in the form and on the date required by this RFB. No further proposals, modifications or alternative offers will be considered pursuant to this RFB.**
- **Beaver Falls reserves the right to reject any and all bids and to determine not to proceed with a sale of the Sewer System at its sole discretion.**
- **Based on the outcome of regulatory determinations (if applicable) subsequent to the award of the winning bid hereunder, the Seller reserves the right to renegotiate**

certain terms of the APA, including Purchase Price/Consideration, as it deems in its best interests and as are acceptable to the winning bidder.

5. QUESTIONS AND REQUESTS FOR CLARIFICATION:

All questions and requests for clarification concerning this RFB shall be directed in writing (e-mail) to Ben Kapenstein, whose contact information is provided below.

Ben Kapenstein
PFM Financial Advisors LLC
kapensteinb@pfm.com

6. BIDDING OPTIONS

There are two bidding options, one on Proposal Form 6A and one on Proposal Form 6B. The first option, 6A, is to bid on the Sewer System assuming no rate freeze (Option 1 of Section 7.04(a) of the APA). The second option, 6B, is to bid on the Sewer System assuming a 2 year rate freeze (Option 2 of Section 7.04(a) of the APA). Bidders are welcome to bid on one or both options. Beaver Falls reserves the right to select whichever option it determines is in its best interests.

7. APPROVAL AND SIGNING:

Beaver Falls intends to select the Proposer that offers the best overall transaction, provided that the Proposer complies with all requirements set forth in this RFB for submitting a final Proposal and is found to remain qualified, responsible, and responsive. Execution of the APA by Beaver Falls will be subject to final approval and authorization by the Seller's Board (the "Board"). After selection of a Proposal and approval by the Board, the selected Proposer and Beaver Falls shall be required to execute the APA.

8. CONFIDENTIALITY AND DISCLOSURE TO THIRD PARTIES:

The existence and contents of this letter are subject to the confidentiality agreement that you previously executed. We ask you to remind all members of your team of your obligations under such confidentiality agreement and the indemnity obligation for any violation thereof.

Proposers should be aware that records of Beaver Falls are subject to the provisions of the Pennsylvania Right-to-Know Law, 65 P.S. §67.101 et seq. ("RTK Law"), and that with certain exceptions, such records are subject to public disclosure. Beaver Falls understands that in responding to this RFB, Proposers will be submitting information, including financial data that the parties desire to be kept confidential. It is Beaver Falls' position that this RFB is part of a competitive proposal transaction process, and that prior to the award of a contract or prior to the opening and rejection of all proposals, all such submissions are confidential and exempt from disclosure under the Section 708(b)(26) of the RTK Law, 65 P.S. §67.708(b)(26).

Proposers are advised, however, that following award of a contract or the opening and rejection of all Proposals, such submissions may be subject to public disclosure unless they are otherwise exempt from disclosure under another provision of the RTK Law. Records and information submitted by Prospective Proposers that constitute "trade secrets" or "confidential proprietary information" as defined in the RTK Law are exempt from

disclosure under Section 708(b)(11), 65 P.S. §67.708(b)(11). “Confidential proprietary information” includes commercial and financial information which is privileged or confidential to the submitting party and the disclosure of which would cause substantial harm to the competitive position of the person who submitted the information. Proposers are advised that if they believe any information being submitted in response to this Request for Bids constitutes or references trade secret or confidential proprietary information, they should clearly so label any such information with a prominent label of either: “TRADE SECRET” or “CONFIDENTIAL PROPRIETARY INFORMATION.” Any such claims may be subject to review pursuant to the procedures set forth in the RTK Law. If Beaver Falls, the Pennsylvania Office of Open Records or a court determines that such information does not qualify as a trade secret or confidential proprietary information, such information may be subject to public disclosure.

9. RIGHT TO REJECT BIDS AND SALE; MODIFICATION OF PRICE:

Beaver Falls reserves the right to reject any and all bids and to determine not to proceed with a sale of the Sewer System. In addition, based on the outcome of regulatory determinations (if applicable) subsequent to the award of the winning bid hereunder, the Seller reserves the right to renegotiate certain terms of the APA, including Purchase Price/Consideration, as it deems in its best interests and as are acceptable to the winning bidder.

10. BID CRITERIA

All bids shall be evaluated based on the following criteria: (1) Purchase Price; (2) Rate Freeze/Expected Rates (Indicative Bills); and (3) the ability to consummate the transaction and to comply with ongoing regulatory requirements.

PROPOSAL FORMS

**Proposal Form 1 – City of Beaver Falls Sewer System RFB
Transmittal Letter**

{to be prepared on Proposer’s Letterhead}

[Date], 2021

PFM Financial Advisors LLC
c/o Ben Kapenstein
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: Beaver Falls Sewer System Request for Bids

Dear Beaver Falls:

_____ (the “Proposer”) hereby submits the attached Proposal in response to the City of Beaver Falls’ Sewer System Request for Bids (the “RFB”) issued by the City of Beaver Falls (“**Beaver Falls**”) on July 23, 2021, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Asset Purchase Agreement (the “**APA**”) for identified sewer facilities owned and operated by Beaver Falls. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. ***RFB and Addendum Acknowledgement.*** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. ***Due Authorization.*** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. ***Completeness; Warranty as to Proposal Information.*** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct, and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Beaver Falls and executing the respective APA.
4. ***Identity of Buyer.*** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the APA pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the “Subsidiary”), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the APA from and after such execution.
5. ***Final Agreements.*** The Proposer agrees to enter into the APA in each case in the form identified as “Binding Proposal, Execution Copy” as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. ***Purchase Price/Consideration.*** The amount of the Purchase Price/Consideration that Proposer will pay (inclusive of the escrow funds as described in Section 6.05(e) of the APA) pursuant to Section 3.01 of the APA will be the total set forth in either Proposal Form 6A or 6B.
7. ***Proposal Effective Period.*** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on December 31, 2021, unless extended to 5:00 p.m. Eastern Daylight Savings Time on January 31, 2022, by Beaver Falls or unless further extended by mutual consent of both Beaver Falls and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Beaver Falls does not give written notice to the Proposer that Beaver Falls is prepared to enter into the APA on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.
8. ***Agreement Execution.*** If at any time prior to the Termination Time, Beaver Falls gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the APA with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the APA to Beaver Falls.
9. ***Debarment.*** Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
10. ***Contract Disclosures.*** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation, or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. ***No Litigation.*** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision,

ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the APA contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any APA or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the APA pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the APA pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the APA, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: _____

TITLE: _____

ADDRESS: _____

PHONE: _____

FAX: _____

EMAIL: _____

Submitted by:

Name of Proposer: _____

Name of Designated Signatory _____

Signature _____

Title: _____

**Proposal Form 2- City of Beaver Falls Sewer System RFB
Non-Collusion Affidavit**

STATE OF _____)

COUNTY OF _____)

I, [INSERT DESIGNATED SIGNATORY NAME], a resident of _____ MUNICIPALITY OR OTHER JURISDICTION], in the State/Commonwealth of [INSERT STATE], of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the [INSERT TITLE] of [INSERT PROPOSER NAME], organized under the laws of the State/Commonwealth of [INSERT STATE NAME], the Proposer making the Proposal in response to the City of Beaver Falls Sewer System Request for Bids issued by the City of Beaver Falls on July 23, 2021, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing and other information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Beaver Falls;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the APA; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Name of Proposer

Name of Designated Signatory

Signature

Title

(Notary Public)

State/Commonwealth of _____

County of _____

On this _____ day of _____, 2021, before me appeared [DESIGNATED SIGNATORY], who is [INSERT TITLE] of [INSERT PROPOSER], a [INSERT STATE AND ENTITY TYPE], personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Notary Public in and for the State/Commonwealth of

(seal)

(Name printed)

Residing at _____

Commission Number _____

Proposal Form 4- City of Beaver Falls Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the APA. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**

2. **Operator's Primary Representative:**

3. **Operator Experience (if not previously provided in response to the RFQ):**

4. **Operator's References (if not previously provided in response to the RFQ):**

5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ, and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5 – City of Beaver Falls Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>

Name of Proposer

Name of Designated Signatory

Signature

Title

Proposal Form 6A (No Rate Freeze) – City of Beaver Falls Sewer System RFB
Business Proposal

On this Proposal Form 6A, please provide your Purchase Price/Consideration assuming no rate freeze were to be imposed by Beaver Falls (Option 1 of Section 7.04(a) of the APA).

Beaver Falls - Anticipated Sewer Rates at Closing <i>(Shown with anticipated 3% Increase on 1/1/2022)</i>		
	<u>Inside City</u>	<u>Outside City</u>
Quarterly Service Charge (Includes 3,000 gallons/quarter)	\$41.14	N/A
Usage Charge per 1,000 Gal	\$8.21	\$4.41

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the APA is:

US\$ _____ [*in numbers*], _____ [*in words*] United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below. **AT A MINIMUM**, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage/month:

2022: _____ 2023: _____ 2024: _____ 2025: _____
 2026: _____ 2027: _____ 2028: _____
 2029: _____ 2030: _____ 2031: _____

Description of rates outlined above:

 Name of Proposer

 Name of Designated Signatory

 Signature

Proposal Form 6B (2 Year Rate Freeze) – City of Beaver Falls Sewer System RFB
Business Proposal

On this Proposal Form 6B, please provide your Purchase Price/Consideration assuming a rate freeze through December 31, 2024, were to be imposed by Beaver Falls (Option 2 of Section 7.04(a) of the APA).

Beaver Falls - Anticipated Sewer Rates at Closing <i>(Shown with anticipated 3% Increase on 1/1/2022)</i>		
	<u>Inside City</u>	<u>Outside City</u>
Quarterly Service Charge (Includes 3,000 gallons/quarter)	\$41.14	N/A
Usage Charge per 1,000 Gal	\$8.21	\$4.41

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the APA is:

US\$ _____ [*in numbers*], _____ [*in words*] United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below. **AT A MINIMUM**, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge (rates submitted under this Proposal Form 6B should not include a DSIC surcharge).

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”. In addition, please note that the Rate Freeze period may allow for the inclusion of fees and charges of a one-time nature (late payments, shut-off etc.), but may not include any DSIC surcharge.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage/month:

2022: _____ 2023: _____ 2024: _____ 2025: _____
 2026: _____ 2027: _____ 2028: _____
 2029: _____ 2030: _____ 2031: _____

Description of rates outlined above:

 Name of Proposer

 Name of Designated Signatory

 Signature

**CITY OF BEAVER FALLS
MEMO – ASBESTOS REMOVAL
July 19, 2021**

This Memo is to notify potential bidders on the sale of the City of Beaver wastewater assets that the City plans to remove the asbestos pipe insulation cited in the document titled "BeaverFalls_Asbestos" in the "Memos" folder posted in the data room prior to the closing of the sale. The City is in the process of engaging the appropriate professionals to safely remove the material.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Costs/Benefits

13. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller's system.

Response: Please see the attachment to SDR-13.



August 26, 2021

PFM Financial Advisors LLC
c/o Ben Kapenstein
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: Beaver Falls Sewer System Request for Bids

Dear Beaver Falls:

Aqua Pennsylvania Wastewater, Inc. (the “Proposer”) hereby submits the attached Proposal in response to the City of Beaver Falls Sewer System Request for Bids (the “RFB”) issued by the City of Beaver Falls (“**Beaver Falls**”) on July 23, 2021, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Asset Purchase Agreement (the “APA”) for identified sewer facilities owned and operated by Beaver Falls. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. **RFB and Addendum Acknowledgement.** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. **Due Authorization.** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. **Completeness; Warranty as to Proposal Information.** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that Beaver Falls will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Beaver Falls and executing the Agreement.
4. **Identity of Buyer.** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the “Subsidiary”), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Agreement from and after such execution.
5. **Final Agreements.** The Proposer agrees to enter into the Agreement in each case in the form identified as “Binding Proposal, Execution Copy” as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. **Purchase Price/Consideration.** The amount of the Purchase Price/Consideration that Proposer will pay (inclusive of the escrow funds as described in Section 6.05(e) of the APA) pursuant to Section 3.01 of the APA will be the total set forth in Proposal Form 6A or 6B.
7. **Proposal Effective Period.** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on December 31, 2021, unless extended to 5:00 p.m. Eastern Daylight Savings Time on January 31, 2022 by Beaver Falls or unless further extended by mutual consent of both Beaver Falls and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Beaver Falls does not give written notice to the Proposer that Beaver Falls is prepared to enter into the APA on or prior to the Termination Time, this offer and the terms of this Proposal shall terminate at the Termination Time.
8. **Agreement Execution.** If at any time prior to the Termination Time, Beaver Falls gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the APA with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the APA to Beaver Falls.
9. **Debarment.** Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
10. **Contract Disclosures.** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker- dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. **No Litigation.** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision,

ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the APA contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any agreement APA or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the APA pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the APA pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Agreement, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: **Thomas F Rafferty**

TITLE: **Director, Business Development**

ADDRESS: **762 W. Lancaster Ave. Bryn Mawr, PA 19010**

PHONE: (O): **610-645-1064** (M): **215-205-0800**

FAX: **610.645.1061**

EMAIL: **tfrafferty@aquaamerica.com**

Submitted by:

Name of Proposer

Aqua Pennsylvania Wastewater, Inc.

Name of Designated Signatory

Marc A. Lucca

Signature



Title

President

**Proposal Form 2- City of Beaver Falls Sewer System RFB
Non-Collusion Affidavit**

STATE OF _____ PENNSYLVANIA)

COUNTY OF _____ MONTGOMERY)

I, Marc A. Lucca, a resident of Lower Merion Township, in the State of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

- (1) I am the President of Aqua Pennsylvania Wastewater Inc., organized under the laws of the state of Pennsylvania, the Proposer making the Proposal in response to the City of Beaver Falls Sewer System Request for Bids issued by the City of Beaver Falls on July 23, 2021, as amended, and that I executed said Proposal with full authority to do so;
- (2) The pricing information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Beaver Falls;
- (3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the AP; and
- (4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Aqua Pennsylvania Wastewater Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory



Signature

President

Title

(Notary Public)

State/Commonwealth of Pennsylvania

County of Montgomery

On this 26 day of August, 2021, before me appeared **Marc A. Lucca**, who is President of Aqua Pennsylvania Wastewater Inc., a Pennsylvania Corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Heather S. D. Harrison
Notary Public in and for the State/Commonwealth of
Pennsylvania

(seal)

Heather S. D. Harrison
(Name printed)

Residing at 762 W. Lancaster Ave, Bryn Mawr, PA 19010

Commission Number 1213370

Commonwealth of Pennsylvania - Notary Seal
Heather S. D. Harrison, Notary Public
Montgomery County
My commission expires February 3, 2025
Commission number 1213370
Member, Pennsylvania Association of Notaries

Proposal Form 3- City of Beaver Falls Sewer System RFB
Statement of Ownership – Proposer

Name of Proposer: Aqua Pennsylvania Wastewater, Inc.

Business Address: 762 W. Lancaster Avenue, Bryn Mawr, PA 19010

Legal Form of Proposer: Corporation

State of Incorporation or Organization: Pennsylvania

If not organized in Pennsylvania, is Proposer authorized to do business in Pennsylvania? Yes
 No

List Names and Titles of All Principal Officers and Directors:

Christopher H. Franklin	Chief Executive Officer (Officer & Director)
Daniel J. Schuller	EVP, Chief Financial Officer (Officer & Director)
Richard S. Fox	EVP, Chief Operating Officer (Officer & Director)
Matthew R. Rhodes	EVP, Strategy and Corporate Development (Officer & Director)
Christopher P. Luning	SVP, General Counsel and Secretary (Officer & Director)
Marc A. Lucca	President (Officer & Director)
Stan Szczygiel	Vice President and Treasurer

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall be continued until names and addresses of every Significant Equity Owners exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

<i>Name</i>	<i>Address</i>	<i>Interest %</i>
<u>Aqua Pennsylvania, Inc.</u>	<u>762 W. Lancaster Ave., Bryn Mawr, PA 19010</u>	<u>100%</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Proposal Form 4- City of Beaver Falls Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the APA. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**
PROPOSER IS THE OPERATOR
2. **Operator's Primary Representative:**
TODD DUERR & ZACH MARTIN
3. **Operator Experience (if not previously provided in response to the RFQ):**
SEE RFQ
4. **Operator's References (if not previously provided in response to the RFQ):**
SEE RFQ
5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5- City of Beaver Falls Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
None	

Aqua Pennsylvania Wastewater, Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory

Signature

President

Title

**Proposal Form 6A (No Rate Freeze) – City of Beaver Falls
Sewer System RFB
Business Proposal**

On this Proposal Form 6A, please provide your Purchase Price/Consideration assuming no rate freeze were to be imposed by Beaver Falls (Option 1 of Section 7.04(a) of the APA).

Beaver Falls - Anticipated Sewer Rates at Closing <i>(Shown with anticipated 3% Increase on 1/1/2022)</i>		
	Inside City	Outside City
Quarterly Service Charge (Includes 3,000 gallons/quarter)	\$41.14	N/A
Usage Charge per 1,000 Gal	\$8.21	\$4.41

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the APA is:

US \$41,250,000, (Forty-one million, two-hundred and fifty thousand in United States Dollars)

ADDITIONAL CONSIDERATION WITH BID:

Upon signing of the APA, Aqua will make a **\$1,000,000** refundable deposit (to be credited against the bid price) to the City of Beaver Falls

After filing of the PUC Application and upon recognized status of “Full-Acceptance” by the PUC, Aqua will make an additional refundable deposit (to be credited against the bid price) of **\$1,000,000** to the City of Beaver Falls.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below. **AT A MINIMUM**, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage/month:

2022 \$38.49	2023 \$38.49	2024 \$38.49	2025 \$58.18	2026 \$58.18
2027 \$58.18	2028 \$59.32	2029 \$59.32	2030 \$59.32	2031 \$60.35

Description of rates outlined above:

1. The Company assumes approximately 30% cost allocation, and a DSIC surcharge beginning no sooner than 2024. These projections are for illustrative purposes and reflect reasonable expectations of the Company based on current industry trends, however, are subject to changes and the approval of the PA Public Utility Commission.

2.If chosen as the winning bid and upon filing the PUC approval application, customers will be notified (by customer notice in the mail) of Potential Rate Impacts assuming zero cost allocation. Those rates are estimated and shown below. While the Company believes the Indicative Rates above are supportable by precedent and policy as far as PUC rate allocation experience, the Potential Rate Impacts below are required to be noticed for all applications for acquisition approvals.

2022 \$38.49	2023 \$38.49	2024 \$38.49	2025 \$83.12	2026 \$83.12
2027 \$83.12	2028 \$84.44	2029 \$84.44	2030 \$84.44	2031 \$85.92

3.In addition, both the Indicative Rates and the Potential Rate Impacts assume that the Company will have the ability to uniformly increase rates among all customers, including the outside municipalities that contribute flows to the City. If rates to the outside municipalities cannot be uniformly increased, the impact to the City customers may be greater than those projections stated above.

4.The Company’s choice of a “No-Rate Freeze” option avoids regulatory hurdles and potential challenges to Closing the sale due to “rate freeze” language. We believe a “No-rate freeze” option is more likely to close faster.

5.The Company’s 10-year projection of rates for the costs associated with the acquisition of the Beaver Falls Wastewater system assume a base rate increase in 2025, potentially a 3-year hold on rates. This assumes an Asset Purchase Agreement is signed no later than October 31, 2021 and the regulatory process begins within a reasonable timeframe.

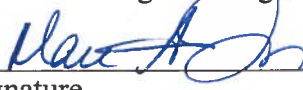
6.Under the Company’s ownership, and with approval of the PUC, low-income families of 4 will have the opportunity to participate in our Customer Assistance Program as proposed under our current rate application. It is important to note that this program will have to first be approved by the PUC for it to become available. However, we do have in existence today our Helping Hands program which is designed to assist low-income families. Additionally, once it is finally approved by the Federal and State governments, low income families will have the opportunity to apply for assistance under a new federal program for water and wastewater customers known as LIHWAP. (Low-Income Housing Water Assistance Program).

Aqua Pennsylvania Wastewater Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory



Signature

PRESIDENT

Title

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Costs/Benefits

14. Provide a copy of the Buyer’s offer to purchase the Seller’s system and the Seller’s response to that offer.

Response: Please see the response to SDR-13 for the Company’s response to the Request For Bids. Please see the attachment to SDR-14 for Beaver Falls’ ordinance approving the sale of its system to the Company.

ORDINANCE NO. 4049

AN ORDINANCE AUTHORIZING THE EXECUTION BY THE CITY OF BEAVER FALLS, COUNTY OF BEAVER (THE "CITY") OF AN ASSET PURCHASE AGREEMENT (THE "PURCHASE AGREEMENT") BETWEEN THE CITY AND THE PURCHASER (DEFINED HEREIN); AUTHORIZING THE ASSIGNMENT OF THE CITY'S RIGHTS AND OBLIGATIONS IN THE ASSIGNED AGREEMENTS (DEFINED HEREIN) TO THE PURCHASER; AUTHORIZING AND APPROVING ALL CONVEYANCE INSTRUMENTS (DEFINED HEREIN); AUTHORIZING COMMUNICATION OF INFORMATION AND COOPERATION WITH THE PURCHASER; AUTHORIZING ALL ACTIONS RELATING TO THE EXECUTION AND IMPLEMENTATION OF THE PURCHASE AGREEMENT AND THE ASSIGNMENT OF THE ASSIGNED AGREEMENTS AND OTHER DOCUMENTS NECESSARY TO EFFECTUATE THE FOREGOING; AUTHORIZING INCIDENTAL ACTION TO BE TAKEN BY SPECIFIED OFFICERS OF THE CITY; AND RESCINDING INCONSISTENT ORDINANCES AND RESOLUTIONS.

WHEREAS, the City, a City of the Third Class of the Commonwealth of Pennsylvania, currently owns and operates a sanitary wastewater collection and treatment system (the "System") that provides sanitary wastewater service to various individual and wholesale customers in the City of Beaver Falls, Pennsylvania, and portions of Patterson Township, North Sewickley Township, West Mayfield Borough, White Township, Big Beaver Borough, Patterson Heights Borough, and Eastvale Borough, each in Beaver County, Pennsylvania (the "Service Area"); and

WHEREAS, the City previously decided to pursue the potential sale of all of the assets, properties and rights of the City (whether tangible, real, personal or mixed) which are exclusively held and used by it in connection with the System, as set forth in the Purchase Agreement (the "System Assets") through a competitive bidding process (the "Assets Sale"); and

WHEREAS, the City has heretofore issued a Request for Qualifications (the "RFQ") and a Request for Bids (the "RFB") to solicit bids from interested and qualified companies and entities to purchase the System; and

WHEREAS, the City received responses to the RFQ and, after the opportunity for due diligence and negotiation and preparation of the Purchase Agreement, issued the RFB and received bids from three interested entities ("Potential Bidders") that were found to be qualified; and

WHEREAS, the City, by enactment of the within Ordinance, selects Aqua Pennsylvania Wastewater, Inc. as the highest bidder (the "Purchaser"), determining that such selection is in the best interests of the City, as determined by the City Council based on the advice of PFM Financial Advisors, LLC, the City's Financial Advisor; and

WHEREAS, the Council determines that the Assets Sale is in the best interests of the City, such determination to be evidenced through the execution by the City of the Purchase Agreement, and the City will sell the System Assets to the Purchaser by entering into the Purchase Agreement with the Purchaser and proceeding to the closing of the sale of the System ("Closing"); and

WHEREAS, the City has previously entered into: (i) an Intermunicipal Service Agreement with Patterson Township dated as of April 28, 1977 (the "Patterson Agreement"), (ii) an Intermunicipal Service Agreement with Big Beaver Municipal Authority dated as of November, 1998 (the "Big Beaver Municipal Authority Agreement"), (iii) an Intermunicipal Service Agreement with North Sewickley Township Sewer Authority dated as of January 9, 2003 (the "North Sewickley Authority Agreement"), (iv) a purported Capital Lease with certain municipalities designated as the "Joint Sewer Users" dated as of April 8, 2014 (the "JSU Agreement"), and (v) an Agreement with the Borough of Eastvale dated May 1, 1983 (the "Eastvale Agreement", together with the Patterson Agreement, the Big Beaver Municipal Authority Agreement, the North Sewickley Authority Agreement, and the JSU Agreement, the "Assigned Municipal Agreements"); and

WHEREAS, the City has previously entered into: (i) an Agreement between the City of Beaver Falls and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, on behalf of Local Union 9305-08, expiring December 31, 2021, as amended (the "9305-08 Agreement"); and (ii) an Agreement between the City of Beaver Falls and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, on behalf of Local Union 9305-10, expiring December 31, 2021, as amended (the "9305-10 Agreement" and, together with the 9305-08 Agreement, the "Assigned Labor Agreements"; the Assigned Labor Agreements and the Assignment Municipal Agreements are together referred to herein as the "Assigned Agreements"); and

WHEREAS, pursuant to the Purchase Agreement, the City will assign the City's rights and obligations under the Assigned Agreements to the Purchaser and the Purchaser will assume the City's rights and obligations under the Assigned Agreements as necessary and appropriate and in accordance with the Purchase Agreement; and

WHEREAS, the City will transfer to the Purchaser at Closing the ownership of the System Assets through the execution and delivery of all necessary and required bills of sale, instruments of assignment, consents to transfer, deeds, and other agreements, documents, and instruments of conveyance (collectively, the "Conveyance Instruments"); and

WHEREAS, the City currently receives information as to water consumption by customers within the service area of the System from the Beaver Falls Municipal Authority and other municipalities to facilitate accurate billing (the "System Billing Information") and intends to pass on the System Billing Information and any and all rights of the City in connection therewith, to the Purchaser and cooperate with the Purchaser as is required for the continued operation of the System;

NOW, THEREFORE, the Council of the **CITY OF BEAVER FALLS**, hereby ordains as follows:

1. **Selection**

The Council determines that the Assets Sale is in the best interests of the City, such determination to be evidenced through the execution by the City of the Purchase Agreement, and the City will sell the System Assets to the Purchaser by entering into the Purchase Agreement with the Purchaser and proceed to Closing of the sale of the System.

2. **Approval of the Purchase Agreement**

The Council hereby authorizes and approves the execution, delivery, and performance of the Purchase Agreement substantially in the form attached hereto as Exhibit A. The Mayor and City Manager are hereby authorized and directed on behalf of the City to execute any and all papers and documents and to do and cause to be done any and all actions and things necessary or proper to execute the Purchase Agreement and to implement the Assets Sale.

3. **Assignment of Assigned Agreements**

The Council hereby authorizes and approves the assignment of the City's rights and obligations under the Assigned Agreements to the extent necessary and appropriate pursuant to the Purchase Agreement. The Mayor and City Manager are hereby authorized and directed on behalf of the City to execute any and all papers and documents and to do and cause to be done any and all actions and things necessary or proper to effectuate such assignment, provided that the terms and conditions of all such papers and documents are satisfactory to the City Solicitor and Special Counsel to the City.

4. **Approval of Deeds, Certificates, and Related Documents**

The Council hereby authorizes the execution and delivery by the Mayor and the City Manager of the Conveyance Instruments necessary and required to be executed and delivered under the Purchase Agreement, provided that the terms and conditions of such Conveyance Instruments are satisfactory to the City Solicitor and Special Counsel to the City.

5. **Disposition of Proceeds**

The proceeds of the sale shall be utilized at the discretion of the City Council in a manner consistent with the Pennsylvania Third Class City Code and subject to the advice of the City's Financial Adviser.

6. **Information and Cooperation**

The Council hereby authorizes the City, its agents and employees, to communicate the System Billing Information and any and all rights of the City in connection therewith and other information required under the Purchase Agreement or desirable in the sole discretion of the Mayor or City Manager to the Purchaser and cooperate with the Purchaser for the continued operation of the System and the use of the System Assets.

7. **General Authorization**

The Council hereby further authorizes the City, its agents and employees, to take any and all necessary actions required by the Third Class City Code and other applicable law, to cooperate with and assist Purchaser in its application to the Pennsylvania Public Utility Commission for approval of its purchase of the System and to take such actions and to execute such other documents and agreements as may be necessary to effectuate the sale of the System Assets as contemplated herein.

8. Severability

The provisions of this Ordinance are intended to be severable, and if any section, sentence, clause, part or provision hereof shall be held illegal, invalid or unconstitutional by any court of competent jurisdiction, such decision of the court shall not affect or impair the remaining sections, sentences, clauses, parts or provisions of this Ordinance. It is hereby declared to be the intent of the Council that this Ordinance would have been adopted even if such illegal, invalid or unconstitutional section, sentence, clause, part or provisions had not been included herein.

9. Effective Date

This Ordinance shall take effect and be in force from and after its enactment as required by the law.

10. Repealer

All other ordinances and resolutions or parts thereof as they are inconsistent with this Ordinance shall be deemed repealed at the time of closing of the Assets Sale with Purchaser.

ORDAINED and ENACTED at the public meeting of the Beaver Falls City Council held on September 28, 2021.

CITY OF BEAVER FALLS

By: 
George S. Quay III, Mayor


Attest: 
Paula Durish, City Clerk

EXHIBIT A

ASSET PURCHASE AGREEMENT

CITY OF BEAVER FALLS
RESOLUTION 1673

A RESOLUTION OF THE CITY OF BEAVER FALLS (THE "CITY"), COUNTY OF BEAVER AND COMMONWEALTH OF PENNSYLVANIA, RATIFYING THE ASSET PURCHASE AGREEMENT BETWEEN THE CITY OF BEAVER FALLS AND AQUA PENNSYLVANIA WASTEWATER, INC. (THE "PURCHASER"), PROVIDING FOR THE SALE OF THE CITY'S SANITARY WASTEWATER COLLECTION AND TREATMENT SYSTEM (THE "SYSTEM") TO THE PURCHASER.

WHEREAS, on September 28, 2021, the Council for the City of Beaver Falls adopted Ordinance No. 4049 approving and authorizing the execution of the Asset Purchase Agreement between the City and the Purchaser (the "APA");

WHEREAS, the City and the Purchaser executed the final version of the APA, effective as of October 20, 2021, such APA attached hereto as Exhibit A.

IT IS HEREBY RESOLVED by the City of Beaver Falls, a Home Rule Municipality under the laws of the Commonwealth of Pennsylvania as follows:

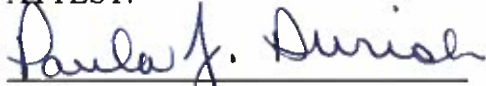
Section 1. Ratification of the Approval and Execution of the Asset Purchase Agreement. The approval and execution of the APA is hereby ratified, confirmed and approved and all actions taken by the Mayor and City Manager on behalf of the City in furtherance of or concerning the APA be, and they hereby are, ratified, confirmed and approved in all respects.

Section 2. Repeal of Inconsistent Resolutions. All prior resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 3. Effective Date. This Resolution shall take effect immediately.

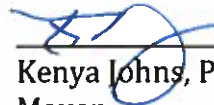
ADOPTED BY THE COUNCIL of the City of Beaver Falls, this 24th day of January, 2023.

ATTEST:



Paula J. Durish
City Clerk

CITY OF BEAVER FALLS:



Kenya Johns, Ph.D.
Mayor

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

By and Between

City of Beaver Falls, Beaver County,

As Seller

and

Aqua Pennsylvania Wastewater, Inc.,

As Buyer

Dated as of October 20, 2021

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of October 20, 2021 (the “Effective Date”), is made and entered into by and between the City of Beaver Falls, Beaver County, a municipality and a city of the Third Class of the Commonwealth of Pennsylvania duly organized and existing under the Constitution and laws of said Commonwealth, (the “Seller”), and Aqua Pennsylvania Wastewater, Inc., (the “Buyer”), a Pennsylvania corporation.

WITNESSETH:

WHEREAS, the Seller owns that certain sanitary wastewater collection and treatment system (the “System”) that provides sanitary wastewater service to various individual and wholesale customers in the City of Beaver Falls, Pennsylvania and portions of Patterson Township, North Sewickley Township, West Mayfield Borough, White Township, Big Beaver Borough, Patterson Heights Borough, and Eastvale Borough, each in Beaver County, Pennsylvania (the “Service Area”); and

WHEREAS, Buyer is a regulated public utility that furnishes water and wastewater service to the public in various counties throughout Pennsylvania; and

WHEREAS, Buyer, in reliance upon the representations, warranties and covenants of the Seller herein, desires to purchase and acquire from the Seller, and the Seller, in reliance upon the representations, warranties and covenants of Buyer herein, desires to sell, transfer and convey to Buyer all of the assets of the System (other than the Excluded Assets), and in connection therewith, Buyer has agreed to assume certain ongoing obligations and liabilities of the Seller related to such acquired assets, all on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual representations, warranties, covenants, and agreements contained in this Agreement, the receipt and sufficiency of which are acknowledged, intending to be legally bound, the Parties agree as follows:

ARTICLE I.

DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, as used in this Agreement (unless otherwise specified herein), have the meanings set forth in this Article I:

“**Acquired Assets**” has the meaning specified in Section 2.01.

“**Act 537**” has the meaning specified in Section 7.10.

“**Act 537 Plan**” has the meaning specified in Section 7.10.

“Affiliate” means, when used to indicate a relationship with a specified Person, a Person that, directly or indirectly, through one or more intermediaries has a 10% or more voting or economic interest in such specified Person or controls, is controlled by or is under common control with (which include, with respect to a managed fund or trust, the right to direct or cause the direction of the management and policies of such managed fund or trust as manager, advisor, supervisor, sponsor or trustee pursuant to relevant contractual arrangements) such specified Person, and a Person is deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise (and for purposes of this definition, a managed fund or trust is deemed to be an Affiliate of the Person managing, supervising, sponsoring or advising such fund or trust and a limited partner in a managed fund or trust is deemed to be an Affiliate of such fund or trust and of the Person managing, supervising, sponsoring or advising such fund or trust).

“Agreement” has the meaning specified in the preamble to this Agreement (and includes all Schedules and Exhibits referred to herein), as amended, modified and supplemented from time to time in accordance with the terms hereof.

“Allocation Schedule” has the meaning specified in Section 3.03.

“Assigned Contracts” has the meaning specified in Section 4.15.

“Assignment and Assumption Agreement” has the meaning specified in Section 13.02(c).

“Assumed Liabilities” has the meaning specified in Section 2.04(a).

“Authorizations and Permits” mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, adjudications, variances, waivers and approvals currently in effect issued or granted by Governmental Authorities, including without limitation, environmental permits, operating permits and approvals that are held by the Seller that primarily relate directly or indirectly to the operation of the System, including those set forth on Schedule 4.14.

“Business Day” means any day that is neither a Saturday, a Sunday nor a day observed as a holiday by either the Commonwealth of Pennsylvania or the United States government.

“Buyer” has the meaning specified in the preamble of this Agreement.

“Buyer Fundamental Representations” has the meaning specified in Section 8.01.

“Buyer Indemnified Persons” has the meaning specified in Section 8.02.

“CERCLA” means the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq., as amended.

“Closing” means the consummation of the sale and purchase of the Acquired Assets and assumption of the Assumed Liabilities, the release/waiver of liabilities and the other transactions contemplated by this Agreement, all in accordance with the terms and conditions of this Agreement and as provided for in Article XIII.

“Closing Date” has the meaning specified in Section 13.01.

“Closing Effective Time” has the meaning specified in Section 13.01.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collective Bargaining Agreement” means the existing collective bargaining agreements between the Seller and the Unions expiring December 31, 2021 and excludes any amendments or new collective bargaining agreements between the Seller and the Unions.

“Confidential Information” means any non-public information about Buyer, Seller or the System related to the transactions contemplated by this Agreement; except that such term does not include information which the receiving Party can demonstrate (a) is generally available to or known by the public other than as a result of improper disclosure by the receiving Party, (b) is obtained by the receiving Party from a source other than the disclosing Party, and that such source was not bound by a duty of confidentiality to the disclosing Party with respect to such information, or (c) is legally in the public domain.

“Easements” means all easements, rights of way, licenses, use agreements, occupancy agreements, leases and other agreements and appurtenances for and over the real property of third parties.

“EDU” means equivalent dwelling unit.

“Effective Date” has the meaning specified in the preamble.

“Environment” means soil, surface waters, ground waters, land, stream sediments, flora, fauna, surface or subsurface strata and ambient air.

“Environmental Claims” means all notices of investigations, warnings, notice letters, notices of violations, Liens, orders, claims, demands, suits or administrative or judicial actions for any injunctive relief, fines, penalties, third party claims, or other claims asserting violations of Environmental Requirements or responsibility for Environmental Liabilities.

“Environmental Conditions” means the Release of Hazardous Materials or the presence of Hazardous Materials on, in, under or within any property (including the presence in the Environment), other than the presence of Hazardous Materials in locations and at concentrations that are naturally occurring.

“Environmental Liabilities” means any legal obligation or liability arising under Environmental Requirements or related to or arising out of any Environmental Condition, including those consisting of or relating to any (a) duty imposed by, breach of or noncompliance with any Environmental Requirements; (b) environmental, health or safety matters or conditions

(including on-site or off-site contamination, occupational safety and health and regulation of Hazardous Materials); (c) Remedial Action undertaken by any Person; (d) bodily injury (including illness, disability and death, and regardless of when any such bodily injury occurred, was incurred or manifested itself), property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real or personal property), or other losses or damages incurred by any other Person (including any employee or former employee of such Person); (e) any injury to, destruction of, or loss of natural resources, or costs of any natural resource damage assessments; (f) exposure of any Person to any Hazardous Materials; and (g) the presence or Release of any Hazardous Materials.

“Environmental Requirements” mean all present Laws (including common law), regulations, legally binding or otherwise enforceable requirements and Authorizations and Permits relating to human health, pollution, or protection of the Environment (including ambient air, surface water, ground water, land surface or surface strata), including (i) those relating to emissions, discharges, Releases, or threatened Releases of Hazardous Materials, and (ii) those relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, recovery, transport or other handling of Hazardous Materials. Without limiting the foregoing, the term **“Environmental Requirements”** includes (1) CERCLA; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sections 11001-11050; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901-6992k (**“RCRA”**); the Safe Drinking Water Act, 42 U.S.C. Sections 300f to 300j-26; the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2692; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101-5127; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701--2761; the Clean Air Act, 42 U.S.C. Sections 7401-7671q; the Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011 et seq.; the Low Level Radioactive Waste Policy Act, as amended, 42 U.S.C. Section 2021b et seq.; the Occupational Safety and Health Act, 29 U.S.C. Sections 651-678, and the regulations promulgated pursuant to the above-listed federal statutes, and (2) counterpart Laws and regulations promulgated or issued by any state or local Governmental Authority, specifically including the Pennsylvania Storage Tank and Spill Prevention Act of 1989 (35 Pa. C.S.A. § 6021.101 *et. seq.*).

“EPA” means the United States Environmental Protection Agency, or a successor Governmental Authority with substantially similar power and authority thereto.

“Equipment and Machinery” means (i) all the equipment, tangible personal property, machinery, office furniture and equipment, fixtures, tooling, spare maintenance or replacement parts, environmental testing equipment, and vehicles owned or leased by the Seller (including all leases of such property), which are primarily used in the operation of the System, (ii) any rights of the Seller to warranties applicable to the foregoing (to the extent assignable), and licenses received from manufacturers and Seller of any such item, and (iii) any related claims, credits, and rights of recovery with respect thereto. Notwithstanding the foregoing, **“Equipment and Machinery”** shall not include any Excluded Assets.

“Excluded Assets” has the meaning specified in Section 2.02.

“Excluded Liability” or **“Excluded Liabilities”** means all liabilities other than Assumed Liabilities.

“Files and Records” means all files and records of the Seller primarily relating to the System and the Acquired Assets, whether in hard copy, digital, magnetic or other format including customer and supplier records, customer lists (both current and prospective), personnel and human resources records, records of sales calls, manuals, books, files, records, engineering data, procedures, systems, instructions, drawings, blueprints, plans, designs, specifications, equipment lists, parts lists, equipment maintenance records, equipment warranty information, plant plans, specifications, geographical information systems data, and drawings, sales and advertising material, computer software, and records relating to the System, and whether stored on-site or off-site.

“Final Order” means a Governmental Approval by a Governmental Authority as to which (a) no request for stay of the action is pending, no such stay is in effect and if any time period is permitted by statute or regulation for filing any request for such stay, such time period has passed, (b) no petition for rehearing, re-argument, reconsideration, clarification, rescission, amendment, or supersedeas of the action is pending and the time for filing any such petition has passed, (c) such Governmental Authority does not have action under consideration on its own motion and (d) no appeal to a court or administrative tribunal or a request for stay by a court or administrative tribunal of the Government Authority’s action is pending or in effect and the deadline for filing any such appeal or request for stay has passed.

“Governmental Approval” means any consent, approval, authorization, notice, filing, registration, submission, reporting, order, adjudication or similar item of, to or with any Governmental Authority.

“Governmental Authority” or **“Governmental Authorities”** means any court, department, commission, board, bureau, municipality, municipal authority (established pursuant to the Pennsylvania Municipal Authorities Act of the Commonwealth of Pennsylvania), agency or instrumentality of the United States, any state, county, city or political subdivision thereof, or any foreign governmental body, including without limitation, the PaPUC, the EPA, PaDEP, and the Municipal Council.

“Hazardous Materials” means any solid, liquid, gas, odor, heat, sound, vibration, radiation or other substance or emission which is a contaminant, pollutant, dangerous substance, toxic substance, hazardous waste, residual waste, solid waste, hazardous material or hazardous substance which is or becomes regulated by applicable Environmental Requirements or which is classified as hazardous or toxic under applicable Environmental Requirements (including gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation).

“Indemnified Party” means any Buyer Indemnified Persons or Seller Indemnified Persons, as applicable, entitled to indemnification pursuant to Article VIII.

“Indemnifying Party” means a Party which is obligated to indemnify the Buyer Indemnified Persons or the Seller Indemnified Persons, as applicable, pursuant to Article VIII.

“Knowledge” when used to qualify or limit a Party’s representations or warranties means the knowledge of such Party’s Representatives who are engaged in a material way in performing the functions of such Party with respect to which the representations or warranties are made, after conducting reasonable investigation and inquiry with respect to the subject matter of the representation.

“Law” means any applicable law, statute, regulation, ordinance, rule, order, judicial, administrative and regulatory decree, judgment, adjudication, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed or imposed by any Governmental Authority, as may be in effect at the relevant time or times in the context in which the term is used.

“Liability Cap” has the meaning specified in Section 8.05(c).

“Lien” means any lien in a fixed and ascertainable monetary sum, or any pledge, mortgage, deed of trust or security interest securing a fixed and ascertainable monetary sum, or any charge or claim in a fixed and ascertainable monetary sum. In addition, in connection with Real Property, any item otherwise falling within the definition of a “Lien” must be either (i) filed of record; or (ii) an item of which Seller has knowledge.

“Loss” means any and all losses, liabilities, obligations, damages, penalties, interest, Taxes, claims, actions, demands, causes of action, judgments, reasonable attorneys’, consultants’ and other professional fees, and all other reasonable costs and expenses sustained or incurred in investigating, preparing or defending or otherwise incident to any such claim, action, demand, cause of action or judgment or the enforcement of a Party’s rights under Article VIII; except that **“Losses”** do not include 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, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party in respect of a Third Party Claim.

“Material Adverse Effect,” means a material adverse effect on the business, financial condition or results of operations of the System; except that no effect arising out of or in connection with or resulting from any of the following will be deemed, either alone or in combination, to constitute or contribute to a Material Adverse Effect: (i) general economic conditions or changes therein; (ii) financial, banking, currency or capital markets fluctuations or conditions (either in the United States or any international market and including changes in interest rates); (iii) conditions affecting the real estate, financial services, construction, water utility or sewer utility industries generally; (iv) any existing event, circumstance, condition or occurrence of which the Buyer has actual knowledge as of the Effective Date; (v) any action, omission, change, effect, circumstance or condition contemplated by this Agreement or attributable to the execution, performance or announcement of this Agreement or the transactions contemplated by this Agreement; and (vi) negligence, intentional misconduct or bad faith of the Buyer or its Representatives.

“Missing Easements” means, as of any particular date, each Easement that is for or used in connection with the operation of the System or to provide continuous and unimpeded rights of

way for the Acquired Assets (including access thereto) that either (a) has not been obtained by the Seller and is for or used in connection with the operation of the System or (b) if such Easement has been obtained by the Seller, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

“Municipal Council” has the meaning set forth in the recitals to this Agreement.

“Non-Union Personnel” means Personnel who are not members of the Unions.

“Outside Date” means the date that is 365 days after the date the application to the PaPUC is accepted as complete by the PaPUC.

“PaDEP” means the Pennsylvania Department of Environmental Protection, or any successor Governmental Authority with substantially similar powers thereto.

“PaPUC” means the Pennsylvania Public Utility Commission, or any successor Governmental Authority with substantially similar powers thereto.

“Party” means Buyer or the Seller and the term **“Parties”** means collectively Buyer and the Seller.

“PCB Equipment” means PCB equipment as defined in 40 C.F.R. Part 761.

“Pending Development Plan” means any project for the development of real property which is the subject of a subdivision or land development plan that has been submitted to the Seller for approval, or for which the Seller already has granted approval but which has yet to be constructed, pursuant to the Pennsylvania Municipal Planning Code as of the Effective Date (and as updated before the Closing Date), as provided in Schedule 4.19.

“Permitted Liens” means (a) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property and Easements as set forth on Schedule 4.09; (c) other than with respect to Real Property and Easements owned by Seller, Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; (d) other imperfections of title or Liens, if any, that have not had, and would not have, caused a Material Adverse Effect; and (e) any encumbrances, Liens, or other exceptions to title insurance coverage set forth in the Title Commitment not identified, but permitted to be identified, in the Objection Notice in accordance with the procedures and deadlines prescribed in Sections 6.02(a) and 6.05(b).

“Person” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity or a Governmental Authority.

“Personnel” means the employees of the Seller who are primarily employed in connection with the System or are necessary to operate the System and includes Union Personnel and Non-Union Personnel.

“Purchase Price” has the meaning specified in Section 3.01.

“Real Property” has the meaning specified in Section 4.09.

“Regulated Asbestos Containing Material” means regulated asbestos containing material as defined by 40 C.F.R. § 61.141.

“Release” means any actual or threatened spilling, leaking, pumping, pouring, injecting, emptying, discharging, emitting, escaping, leaching, dumping, disposal, or release or migration of Hazardous Materials into the Environment, including the abandonment or discarding of barrels, containers and other receptacles containing any Hazardous Materials.

“Remedial Action” means any and all actions to (a) investigate, clean up, remediate, remove, treat, contain or in any other way address any Hazardous Materials in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous Materials so it does not migrate or endanger public health or welfare or the indoor or outdoor Environment, and (c) perform pre-remedial studies and investigations and post-remedial monitoring, maintenance and care. The term **“Remedial Action”** includes any action which constitutes (i) a “removal”, “remedial action” or “response” as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24), and (25); (ii) a “corrective action” as defined in RCRA, 42 U.S.C. § 6901 et seq.; or (iii) a “response” or “interim response” as defined in the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §6020.103.

“Representative” means, with respect to any Party, any director (including, in the case of the Seller, any member of the Municipal Council), officer, employee, official, lender mortgagee, financier, provider of any financial instrument (or any agent or trustee acting on their behalf), partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, contractor, other Person for whom such Person is at law responsible or other representative of such Person and any professional advisor, consultant or engineer designated by such Person as its “Representative.”

“Schedules” means the disclosure schedules delivered by Seller and Buyer, respectively, concurrently with the execution and delivery of this Agreement, and as may be supplemented and updated pursuant to Sections 9.03 and 10.04. Any disclosure set forth on any particular Schedule are deemed disclosure in reference to all Schedules comprising the Schedules to which such disclosure is reasonably apparent.

“Seller” has the meaning specified in the preamble of this Agreement.

“Seller Fundamental Representations” has the meaning specified in Section 8.01.

“Seller Indemnified Persons” has the meaning specified in Section 8.03.

“Seller’s Benefit Obligations” means all material obligations, arrangements, or practices, whether or not legally enforceable, to provide benefits, other than salary or wages to present or former directors, employees or agents, (other than obligations, arrangements and practices that are Seller’s Plans), that are owed, adopted or followed by the Seller. Seller’s Benefit Obligations also include consulting agreements under which the compensation paid does

not depend upon the amount of service rendered, sabbatical policies, severance payment policies and fringe benefits within the meaning of Code §132.

“Seller’s Plans” means each voluntary employees’ beneficiary association under Section 501(c)(9) of the Code whose members include any Personnel and any employee benefit plans or any other retirement, pension, profit sharing, stock option, stock bonus, deferred compensation (including any “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code), severance, sick leave or other material plan or arrangement providing benefits to current or former Personnel, in each case, if either currently in effect or terminated within the last six (6) years, to which the Seller is a plan sponsor or to which the Seller otherwise contributes or has contributed within the last six (6) years, or in which the Seller otherwise participates or has participated within the last six (6) years.

“Seller DEP Permits” means the National Pollutant Discharge Elimination System Permit No. PA0026883 and Water Quality Management Permit No. 0472402 (Part 2), each issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto.

“Service Area” has the meaning specified in the recitals to this Agreement.

“Supplies” means all lubricants, spare parts, fuel, chemicals, raw materials, and other supplies and inventory as related to the Acquired Assets, and all rights to warranties received from suppliers with respect to the foregoing, and related claims, credits, and rights of recovery with respect thereto.

“System” has the meaning specified in the recitals to this Agreement and includes the Acquired Assets and excludes the Excluded Assets.

“System Improvements” has the meaning specified in Section 7.10(a).

“Taxes” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, permit fees, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, parking, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, levy, impost, stamp tax, duty, fee, withholding or similar imposition of any kind payable, levied, collected, withheld or assessed at any time, including any interest, penalty or addition thereto, whether disputed or not.

“Threshold Amount” has the meaning specified in Section 8.05(a).

“Title Commitment” has the meaning specified in Section 6.01.

“Title Company” has the meaning specified in Section 6.01.

“Title Policy” has the meaning specified in Section 2.03.

“Transferred Personnel” has the meaning specified in Section 7.03(a).

“UCC Search” has the meaning specified in Section 6.04.

“Unions” means, together, United Steelworkers 9305, Districts 8 and 10.

“Union Personnel” means Personnel who are members of the Unions.

“Unscheduled Real Property” has the meaning specified in Section 6.06.

“Utility Valuation Expert” means an expert that has applied and has been approved by the PaPUC and is currently, at the time of this Agreement, on the list of approved appraisers maintained by the PaPUC.

ARTICLE II.

TERMS OF PURCHASE AND ASSUMPTION OF LIABILITIES

Section 2.01. Purchase and Sale of Acquired Assets

Subject to the terms and conditions set forth in this Agreement, at Closing, Buyer shall purchase from the Seller and the Seller shall sell, transfer, assign and deliver to Buyer, free and clear of all Liens except for Permitted Liens, all of Seller’s right, title and interest in and to all assets, facilities, business, goodwill, properties and rights of the Seller of every kind and description, whether tangible or intangible, real, personal or mixed, wherever situated, in each case used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of the operation or conduct of the System (whether or not any such assets have any value for accounting purposes or are carried or reflected on the books or financial records of the Seller), including any of the foregoing in which Seller is entitled to acquire such rights, but in all cases other than the Excluded Assets (the foregoing collectively referred to as the “Acquired Assets”), including:

(a) all real property and appurtenant interests necessary for the operation of the System, including without limitation (i) good and marketable fee simple title to the Real Property set forth on Schedule 4.09 hereof, and (ii) all Easements currently used or necessary to operate the System, including without limitation those set forth on Schedule 4.09;

(b) all sanitary wastewater related treatment and conveyance facilities, including but not limited to the Seller’s (i) assets set forth on Schedule 2.01(b), (ii) sewage treatment plant located in the Service Area, and (iii) all collection system mains (whether gravity or force mains), laterals (from the collection system main to the edge-of-road or curb-line when the main is located within a public right-of-way or the edge of an easement where the main is located within private property), generators, manholes, pump stations, and other related appurtenances and any billing and collections related assets necessary to own and operate the System;

(c) all contracts, licenses and leases set forth on Schedule 4.15 to which the Seller is a party, including without limitation, all construction contracts, surety bonds, operation and maintenance agreements, management agreements, reserved capacity agreements, architect agreements and consultant agreements, and agreements relating to vehicles and other items of personal property (the “Assigned Contracts”);

- (d) all Supplies;
- (e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment;
- (f) all prepaid expenses and security deposits;
- (g) all Files and Records;
- (h) all Authorizations and Permits of or held by the Seller (to the extent transferrable to Buyer under applicable Law), including all Authorizations and Permits which are environmental permits, the Seller DEP Permits, other operating permits and those items set forth on Schedule 4.14 hereto; and
- (i) all goodwill of the System.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY REGARDING THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ACQUIRED ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ACQUIRED ASSETS. NOTWITHSTANDING THE FOREGOING, ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE VALID UNTIL THE TIME OF CLOSING.

Section 2.02. Excluded Assets

Notwithstanding anything in the Agreement to the contrary, the Acquired Assets do not include the following (the "Excluded Assets"):

- (a) all contracts, licenses and leases that are not Assigned Contracts;
- (b) the seals, organizational documents, minute books, Tax returns, books of account or other records having to do with the organization of Seller and all employee-related or employee benefit-related files or records;
- (c) cash (including any cash resulting from the payment to the Seller for EDUs received on or before the Closing Date as listed in Schedule 2.02(e)) and cash equivalents, including accounts receivable on or before the Closing Date and existing financial security guaranteeing installation of public improvements (including wastewater facilities);
- (d) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (e) all Seller's Plans and trusts or other assets attributable thereto;

(f) other than to the extent relating to any Assumed Liability, all rights to any action, suit or claim of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;

(g) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;

(h) the assets, properties and rights specifically set forth on Schedule 2.02(h);

(i) the rights which accrue or will accrue to Seller under this Agreement and any related agreement, exhibit or schedule;

(j) all municipal separate storm sewer system assets and stormwater assets of the Seller (and any related NPDES permits); and

(k) any and all connecting facilities originating from Seller's terminus point of the collection facilities at the main or edge of road to and throughout the customer's property, including grinder pumps, if any.

Section 2.03. **Sale Free of Liens**

After Buyer fulfills its obligations pursuant to Section 3.01(b), on the Closing Date, the Acquired Assets will be free and clear of all Liens other than Permitted Liens. The Seller shall convey such Acquired Assets by appropriate special warranty or other deed (subject to Section 6.02(c)), bills of sale, endorsements, assignments and other instruments of transfer or conveyance described in the Agreement, or by transfer documents satisfactory in form and substance reasonably acceptable to Buyer and Seller and their counsel in their reasonable discretion. Buyer shall use commercially reasonable efforts to cause the Title Company at or prior to Closing to insure the Real Property, at the Title Company's filed rates, as a good and marketable title, free and clear of all Liens and exceptions to title insurance coverage, except for the Permitted Liens, pursuant to an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006, subject to the terms of Section 6.02 below (the "Title Policy").

Section 2.04. **Assumption of Liabilities**

(a) On the terms and subject to the conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due any and all liabilities and obligations of the Seller to the extent (1) arising under the Seller DEP Permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), (2) arising under the Collective Bargaining Agreement or an amended and restated collective bargaining agreement (to the extent arising from, related to or based on events or circumstances occurring on or after the Closing Date and subject to the exclusions provided for in Section 7.03(h) of this Agreement), and (3) arising out of or relating to the System or the Acquired Assets on or after the Closing, including, without limitation, the following:

(i) all liabilities and obligations under the Assigned Contracts, including any liabilities arising under any Corrective Action Plan, and Authorizations and Permits, in

each case to the extent resulting from events that occur or conditions that arise on or after the Closing;

(ii) any litigation initiated against Seller related to the System or the Acquired Assets to the extent resulting from events that occur, or conditions that arise, on or after the Closing;

(iii) all liabilities and obligations for Taxes relating to the System, its operation, the Acquired Assets and the Assumed Liabilities attributable to the period beginning on the Closing Date; and

(iv) all other liabilities and obligations to the extent arising out of or relating to Buyer's ownership or operation of the System and the Acquired Assets on or after the Closing (all of the aforementioned liabilities in this Section 2.04(a) are referred to as the "Assumed Liabilities").

(b) Buyer shall not assume or be liable to pay any liabilities or obligations relating to the Excluded Liabilities or any other liabilities or obligations that are not Assumed Liabilities.

Section 2.05. **Further Assurances** At any time and from time to time after the Closing Date, the Seller shall, upon the request of Buyer, and Buyer shall, upon the request of the Seller, at the cost of requesting Party, promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate, (a) the sale, conveyance, transfer, assignment and delivery hereunder of the Acquired Assets to Buyer, (b) the assumption by Buyer of any of the Assumed Liabilities, (c) performance by the Parties of any of their other respective obligations under this Agreement, (d) the vesting in Buyer of all right, title and interest in the Acquired Assets and the System as provided herein, and (e) any other matters reasonably requested by a Party to carry out the provisions, purposes and intent of this Agreement.

Section 2.06. **Certain Transfers; Assignment of Contracts**

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a) and Section 2.06(b), to the extent that the sale, transfer, assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of applicable Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties hereto), including any Governmental Authority, and such consent, authorization, approval or waiver has not been obtained before the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a "Nonassignable Asset"). Following the Closing, the Seller and the Buyer shall use commercially reasonable efforts (at the cost and expense of the Party that is responsible for compliance with such Law or obtaining such consent, authorization, approval or waiver), and shall cooperate with each other, to obtain any such required consent, authorization, approval or

waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; except that in no event will Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, the Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Acquired Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration. Any applicable sales, transfer and other similar Taxes in connection with such sale, transfer, assignment, conveyance and delivery shall be paid one-half by Buyer and one-half by the Seller.

(b) Until such time as a Nonassignable Asset is transferred to Buyer pursuant to this Article II, Buyer and Seller shall cooperate in any commercially reasonable and economically feasible arrangements (such as subleasing, sublicensing or subcontracting) to provide to the Parties the economic and, to the extent permitted under applicable Law, operational equivalent of the transfer of such Nonassignable Asset to Buyer at the Closing and the performance by Buyer of its obligations with respect thereto, and so long as the Seller transfers and turns over all economic and beneficial rights with respect to each such Nonassignable Asset, Buyer shall, to the extent permitted under Law and the terms of any applicable contract that constitutes a Nonassignable Asset, as agent or subcontractor for the Seller, pay, perform and discharge the liabilities and obligations of the Seller thereunder from and after the Closing Date, but only to the extent that such liabilities and obligations would constitute Assumed Liabilities if the applicable consent or approval had been obtained on or before the Closing Date and such Nonassignable Asset had been assigned to Buyer at Closing. To the extent permitted under Law, the Seller shall hold in trust for and pay to Buyer promptly upon receipt thereof, such Nonassignable Asset and all income, proceeds and other monies received by the Seller with respect to such Nonassignable Asset in connection with the arrangements under this Article II.

(c) If, following the Effective Date and before the Closing, Buyer identifies any contract to which the Seller is a party which is not set forth on Schedule 4.15 as an Assigned Contract as of the Effective Date, and Buyer reasonably determines such contract is necessary to the operation of the System, Buyer shall give notice of such determination to the Seller and the Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.15 setting forth such contract, and such contract will thereafter constitute and be deemed an Assigned Contract for all purposes hereunder.

(d) If, during the twelve (12) month period following the Closing Date, Buyer identifies any contract to which the Seller was a party as of the Closing and which (i) was not set forth on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary to the operation of the System, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract will be deemed an Assigned Contract for all purposes hereunder.

ARTICLE III.

PURCHASE PRICE

Section 3.01. Purchase Price

The purchase price for the Acquired Assets is Forty-One Million, Two Hundred and Fifty Thousand Dollars (\$41,250,000.00) (the "Purchase Price") which shall be paid as follows:

(a) Deposits

(i) Buyer shall pay One Million Dollars (\$1,000,000) to Seller as a deposit on account of the Purchase Price (the "First Deposit") upon the third business day following the execution by Buyer and Seller of this Agreement; and

(ii) Buyer shall pay One Million Dollars (\$1,000,000) to Seller as a deposit on account of the Purchase Price (the "Second Deposit" and, together with the First Deposit, the "Deposits") upon the third business day following the Buyer's receipt of notice from the PaPUC that the application to the PaPUC for the transaction contemplated by this Agreement has been conditionally accepted.

(iii) In the event that this Agreement is terminated for any reason, the Deposits shall be refundable to the Buyer within ninety days following the effective date of termination per Section 14.01, provided, however, if the Agreement is terminated by Seller pursuant to Section 14.01(c), then Seller shall be permitted to offset against Seller's obligation to refund the Deposits any damages recoverable by Seller per the terms of this Agreement.

(iv) Subject to subparagraph (iii) above, Seller shall be free to use the Deposits upon receipt as it determines in the Seller's sole discretion.

(v) The obligation to refund the Deposits hereunder shall be a general obligation of Seller and shall not be subject to the Threshold Amount or the Liability Cap set forth in Article VIII hereof.

(b) Subject to any adjustment in Purchase Price resulting from the proration procedures specified in Section 3.01(c) and the Missing Easement Escrow requirements in Section 6.05(e), Buyer shall pay to the Seller at Closing by wire transfer of immediately available funds the balance of the Purchase Price (taking into account the Deposits) to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days before the Closing Date.

(c) **Final Billing:** The Buyer is entitled to all customer billings with respect to sanitary wastewater services for the period on or after the Closing Effective Time, and the Seller is entitled to all such billings before the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to credit the Purchase Price for the appropriate Party on the Closing Date, or through another agreed upon method to ensure billing amounts are provided to the appropriate Party.

Section 3.02. **Fair Consideration**

The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Acquired Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the Parties and their respective Representatives.

Section 3.03. **Allocation Schedule**

The Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for federal income tax purposes), as may be adjusted pursuant to this Section 3.03, shall be allocated among the Acquired Assets in accordance with the allocation reflected in a schedule prepared by Buyer and attached hereto as Schedule 3.03.

Section 3.04. **Transfer Taxes**

Any and all deed stamps or transfer Taxes which may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer (collectively, "Transfer Taxes"), will be paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller. The terms hereof shall survive Closing. For the purpose of calculating Transfer Taxes, Seller and Buyer agree that the amount specified in Schedule 3.03 as provided by the Buyer shall be allocated to real property assets.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller makes only the specified representations and warranties which are set forth in this Article IV.

As a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated by this Agreement, the Seller represents and warrants, as of the Effective Date (except to the extent any of the following representations and warranties specifically apply to or relate to another date, in which event such representations and warranties shall be true and correct as of such other date), as follows:

Section 4.01. **Organization**

The Seller is a municipality and a city of the Third Class of the Commonwealth of Pennsylvania duly organized and existing under the Pennsylvania Third Class City Code.

Section 4.02. **Power and Authority**

The Seller (i) duly adopted the authorizing ordinance or resolutions authorizing the transactions contemplated in this Agreement, which remains in full force and effect, (ii) duly authorized and approved the execution and delivery of this Agreement and (iii) duly authorized and approved

the performance by the Seller of its obligations contained in this Agreement. The Seller has all requisite power and authority to own, lease and operate the Acquired Assets and the System and has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

Section 4.03. **Enforceability**

This Agreement has been duly authorized, executed and delivered by the Seller and constitutes a valid and legally binding obligation of the Seller, enforceable against the Seller in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 4.04. **No Conflict or Violation**

The execution and delivery of this Agreement by the Seller, the consummation of the transactions contemplated by this Agreement and the performance by the Seller of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any obligations of the Seller under (i) any applicable Law or (ii) any agreement, instrument or document to which the Seller is a party or by which it is bound.

Section 4.05. **Consents and Approvals**

Schedule 4.05 sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by the Seller or the performance by the Seller of its obligations hereunder.

Section 4.06. **Undisclosed Liabilities**

Except as set forth on Schedule 4.06, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Assets other than liabilities incurred in the ordinary course that could not reasonably be expected to have a Material Adverse Effect.

Section 4.07. **Absence of Certain Changes or Events**

Except as set forth on Schedule 4.07, since December 31, 2019, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and the Seller, has operated and maintained the System since December 31, 2019 in the ordinary course.

Section 4.08. **Tax Matters**

Except as set forth on Schedule 4.08, that (i) the Seller has timely paid all Taxes that may have been or may be due and payable by the Seller on or before the Closing Date, arising from the ownership or operation of the Acquired Assets or the System on or before the Closing Date; (ii) no Taxing authority has asserted any claim against the Seller for the assessment of any additional

Tax liability or initiated any action or proceeding which could result in such an assertion; and (iii) the Seller has (x) made all withholding of Taxes required to be made under all applicable Laws and regulations, including without limitation, withholding with respect to compensation paid to employees, and the amounts withheld have been properly paid over to the appropriate Taxing authorities and (y) did not defer the withholding, deposit, and payment of any employee payroll taxes related to Personnel in 2020 pursuant to IRS Notice 2020-65, 2020-38 I.R.B. 567, or the Presidential Memorandum to the Secretary of the Treasury dated August 8, 2020; and (iv) Seller has at all times been exempt from U.S. federal income Tax and from income Taxes imposed by the Commonwealth of Pennsylvania (and its political subdivisions) and by other states (and their respective political subdivisions) and income and revenue produced by or with respect to the System and the Acquired Assets has at all times been excluded from gross income by virtue of the provisions of Section 115(1) of the Code.. This section does not apply to any Tax matter related to an employee benefit plan or compensation arrangement that is addressed separately in Section 4.11.

Section 4.09. **Real Property and Easements**

Schedule 4.09 sets forth all of Seller's fee interests in and to real property ("Real Property") Seller owns and uses in the operation of the System and separately sets forth the Easements. The Seller does not lease (as lessee) any real property that is used in the operation of the System. There are no pending condemnation proceedings relating to any of the Real Property or Easements nor has Seller actually received any written threats of any condemnation proceedings and, to the Knowledge of Seller, no such proceedings are threatened. The Seller has not received any written notices of any violations of any Law from any Governmental Authority with respect to the Real Property or the Easements which has not been cured in all material respects and, to Seller's Knowledge, no such violations of Law exist. With respect to the Real Property (i) there are no leases, options, rights of reversions or other rights of use or rights to acquire the Real Property held by third parties, (ii) Seller is in sole possession of the Real Property, and (iii) to Seller's Knowledge there are no encroachments either way across the boundary of the Real Property, nor any dispute with adjacent property owners over the location of boundaries or potential claims adverse to title.

Section 4.10. **Equipment and Machinery**

Schedule 4.10 sets forth all Equipment and Machinery included in the Acquired Assets. Except as set forth on Schedule 4.10, the Seller has good title, free and clear of all Liens (other than the Permitted Liens and Liens which are released on or before Closing) to the Equipment and Machinery owned by Seller.

Section 4.11. **Employee Benefit Plans**

(a) Schedule 4.11(a) contains a true and complete list of all Seller's Plans and Seller's Benefit Obligations, including amounts owed to current or past employees for severance, unpaid and unused vacation pay or sick leave, or similar obligations. All such Seller's Plans and Seller's Benefit Obligations are in full force and effect and are in material compliance both as to form and operation, with applicable provisions of Employee Retirement Income Security Act of 1974, as amended or the Code, and any other applicable Laws, and with any applicable collective

bargaining agreement. To Seller's Knowledge, no event has occurred which has resulted in the imposition of any liability on the Seller under the Code or other applicable Law with respect to any Seller's Plans or Seller's Benefit Obligations and there is no unfunded pension liability owed or owing to any Person pursuant to Seller's Plans that is required to be assumed by Buyer;

(b) Except as set forth on Schedule 4.11(b), the Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any "multiemployer plan" within the meaning of Section 414(f) of the Code, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such multiemployer plan;

(c) Except as set forth on Schedule 4.11(c), Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any medical, health, life or other welfare plan or benefits for present or future terminated or retired Personnel or their spouses or dependents, other than as required by COBRA, or any comparable state law, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such post-termination welfare benefits;

(d) The Seller is and has been in compliance in all material respects with the requirements of COBRA and is not subject to any excise Tax under Code Section 4980B for the current or any prior taxable year; and

(e) Except as set forth on Schedule 4.11(e), the Seller has not entered into any severance or similar arrangement with respect to any present or former Personnel that will result in any obligation (absolute or contingent) of Buyer to make any payment to any present or former Personnel following termination of employment, including the termination of employment effected by the transactions contemplated by this Agreement. The consummation of the transactions contemplated by this Agreement will not trigger any severance or other obligation of the Seller for which Buyer shall have any liability.

Section 4.12. Seller's Personnel

(a) Schedule 4.12(a) sets forth all collective bargaining agreements and contractual relationships with Personnel relating to the System to which the Seller is a party, including the identification of the parties thereto and the expiration dates. Other than the collective bargaining agreements and relationships set forth on Schedule 4.12(a), there are no commitments, contracts, agreements, arrangements or understandings (whether written or oral, formal or informal) of the Seller with respect to the Unions or the Union Personnel, and the collective bargaining agreements set forth on Schedule 4.12(a) constitute the entire agreement between the Seller and the other parties thereto, with respect to the subject matter thereof.

(b) Except as set forth on Schedule 4.12(b), there are no labor disputes, grievances, arbitration proceedings or litigation pending, or to Seller's Knowledge threatened, between Seller and the Personnel.

(c) Except as set forth in Schedule 4.12(c), there is no strike, slowdown, work stoppage, lockout, refusal to work over time or other labor disruption or dispute affecting Seller or the Personnel underway or, to Seller's Knowledge, threatened or anticipated with respect to Seller or the Personnel, and no such labor disruption has occurred in the past two (2) years.

(d) Except as set forth on Schedule 4.12(d), the Seller shall timely pay, or cause to be timely paid, the Personnel as required under its policies and/or by applicable Law for accrued but unused and unpaid vacation, sick leave and other accrued benefits as of the Closing Date.

(e) The Seller has not, in the past five (5) years, effectuated:

(i) a “plant closing” (as defined in the Worker Adjustment and Retraining Notification Act (“WARN Act”)) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the System; or

(ii) a “mass layoff” (as defined in the WARN Act) affecting any site of employment or facility of the System; nor has the System been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law.

None of the Personnel has suffered an “employment loss” (as defined in the WARN Act) during the previous six months.

Section 4.13. Environmental Compliance

Except as set forth on Schedule 4.13 or that otherwise could not be expected to have a Material Adverse Effect:

(a) To the Seller’s Knowledge, the System as currently operated by the Seller and all operations and activities conducted by the Seller with respect to the System are in compliance in all material respects with all applicable Environmental Requirements.

(b) To the Seller’s Knowledge, the Seller has generated, used, handled, treated, stored and disposed of all Hazardous Materials in (i) compliance in all material respects with all applicable Environmental Requirements and (ii) a manner that has not given, and could not reasonably be anticipated to give, rise to Environmental Liabilities.

(c) Except as has been disclosed to Buyer on Schedule 4.13, the Seller has not received notice of any Environmental Claims related to the System that have not been fully and finally resolved, and to the Knowledge of Seller no claims of Environmental Liabilities have been threatened allegedly arising from or relating to the System that have not been fully and finally resolved.

(d) To Seller’s Knowledge, Hazardous Materials are not present in, at or on the System or the Acquired Assets and there has been no Release of Hazardous Materials at, on or from any part of the System or the Acquired Assets, in each case in a manner that violates any Environmental Requirements or has resulted in, or could reasonably be anticipated to give rise to, Environmental Liabilities which has not been appropriately resolved pursuant to applicable Environmental Requirements.

(e) No Lien or activity use limitation or institutional control has been recorded affecting any Acquired Assets by any Governmental Authority due to either the presence of any Hazardous Material on or off the Acquired Assets or a violation of any Environmental Requirement except as has been disclosed by Seller to Buyer.

(f) Except as has been disclosed to Buyer on Schedule 4.13, Seller is not aware of any underground storage tanks on or at any of the Acquired Assets. To the Seller's Knowledge, any underground storage tanks previously located at the Acquired Assets have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure.

(g) Seller is not aware of any PCB Equipment on or at any of the Acquired Assets. To the Seller's knowledge, any PCB Equipment that previously existed at the Acquired Assets has been flushed of polychlorinated byphenyls or has been removed and properly disposed of in accordance with applicable Environmental Requirements in effect at the time of such disposal, and any remaining PCB Equipment is labeled to the extent required under applicable Environmental Requirements and being managed in compliance with applicable Environmental Requirements.

(h) Except as has been disclosed to Buyer on Schedule 4.13, Seller is not aware of any Regulated Asbestos Containing Material in or on the Acquired Assets in an aggregate amount that would reasonably be expected to result in an Environmental Liability; and to the Seller's knowledge, any Regulated Asbestos Containing Material is being managed in compliance with all applicable Environmental Requirements.

(i) The Seller has delivered to Buyer (1) all environmental site assessments pertaining to the System it is aware of within the previous five years, (2) all compliance audits or compliance assurance reviews prepared within the previous five (5) years relating to compliance with Environmental Requirements by the System, and (3) all documents pertaining to, any known and unresolved Environmental Liabilities incurred in relation to the System, to the extent possessed by or under the reasonable control of the Seller.

(j) Seller has disclosed the Phase 1 Environmental Site Assessment of the Beaver Falls Wastewater Treatment Plan, City of Beaver Falls, Pennsylvania, delivered in July 2021 (the "Phase 1 Report") to the Buyer. Information in the Phase 1 Report shall not be deemed to impute Knowledge to the Seller for purposes of the representations in Section 4.13 hereof, and Seller shall undertake no obligation to commission or provide to the Buyer a Phase II environmental site assessment.

Section 4.14. Authorizations and Permits

Schedule 4.14 sets forth the Authorizations and Permits of the Seller. The Seller has made true and complete copies of all Authorizations and Permits available to Buyer. Except as set forth on Schedule 4.14, the Seller is in compliance in all material respects with all terms, conditions and requirements of all Authorizations and Permits, except in each case where such violation or failure, individually or in the aggregate, would not have a Material Adverse Effect, and no proceeding is pending or, to the Knowledge of the Seller threatened relating to the revocation or

limitation of any of the Authorizations or Permits, other than those limitations which do not individually or in the aggregate have a Material Adverse Effect.

Section 4.15. System Contracts

(a) Schedule 4.15 sets forth a complete and accurate list of all the Assigned Contracts.

(b) The Seller has made available to Buyer true and complete copies of all the foregoing Assigned Contracts.

(c) All of the Assigned Contracts set forth on Schedule 4.15 are in full force and effect. Seller has not, nor to the Knowledge of the Seller has any other party thereto, breached any material provision of or defaulted under the material terms of, nor does any condition exist which, with notice or lapse of time, or both, would cause the Seller, or to the Knowledge of Seller, any other party, to be in default under any Assigned Contract.

Section 4.16. Compliance with Law; Litigation

(a) The Seller has operated and is operating the System in compliance, in all material respects, with all applicable Laws, Authorizations and Permits and is not in breach of any applicable Law, Authorization or Permit that would have a Material Adverse Effect on the operations of the System or on the Buyer. There are no Authorizations or Permits from any Governmental Authority necessary for the operation of the System as currently being operated except for those Authorizations and Permits listed in Schedule 4.14.

(b) Except as set forth on Schedule 4.16 (as updated pursuant to Section 9.03 hereof), there are no facts, circumstances, conditions or occurrences regarding the System that could reasonably be expected to give rise to any environmental claims or governmental enforcement actions that could reasonably be expected to have a Material Adverse Effect, and there are no past, pending or threatened environmental claims or governmental enforcement actions against the Seller that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth on Schedule 4.16, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending or, to the Knowledge of the Seller, threatened against the Seller before or at the Closing Effective Time, which will have a Material Adverse Effect. There is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of the Seller, threatened against the Seller which could materially affect the validity or enforceability of this Agreement.

Section 4.17. Broker's and Finder's Fees

No broker, finder, or Person is entitled to any commission or finder's fee by reason of any agreement or action of Seller in connection with this Agreement or the transactions contemplated by this Agreement. Seller has employed PFM Financial Advisors LLC, as municipal advisor to provide transaction structuring advice and to provide Seller with municipal advice relating to the

sale of the System. Seller is solely responsible to pay all fees owed to PFM Financial Advisors LLC in connection with the transactions contemplated by this Agreement.

Section 4.18. Title to the Acquired Assets; Sufficiency

(a) Except as set forth on Schedule 4.18(a), the Seller has good and marketable title to, valid leasehold interest in or valid licenses to use, all of the Acquired Assets, free and clear of all Liens, other than Permitted Liens and Liens which will be fully and unconditionally released at or before Closing. The use of the Acquired Assets is not subject to any Liens, other than Permitted Liens, and such use does not encroach on the property or the rights of any Person.

(b) Except as set forth on Schedule 4.18(b), the Acquired Assets are sufficient for, and constitute all the assets, properties, business, goodwill and rights of every kind and description, and services required for, the continued conduct and operation of the System by Buyer in substantially the same manner as currently conducted and operated by Seller. Except for the Excluded Assets and except as set forth on Schedule 4.18(b), (i) the Acquired Assets, taken as a whole, comprise all the assets, properties, business, goodwill and rights of every kind and description used or held for use in, or useful or necessary to the operation of the System as currently operated by Seller, and (ii) there are no assets, properties, business, goodwill, rights or services used in the conduct or operation of the System that are owned by any Person other than Seller that will not be licensed or leased to Buyer under valid, current license arrangements or leases. None of the Excluded Assets are material to the System.

Section 4.19. Pending Development Plans

Schedule 4.19 sets forth a full and complete list of all Pending Development Plans for which Seller has received notice as of the Effective Date. Each Pending Development Plan, if consummated, could result in additional customers and reduction of available treatment capacity. Schedule Error! Reference source not found. also identifies all agreements with third parties with respect to current or pending extensions of the System or any other sanitary sewer system that is connected to the System together with any financial security held by Seller with respect to such extensions. Seller provides no assurances whatsoever that any development or expansion of the Service Area associated with any Pending Development Plan will actually be undertaken or completed. The Parties expect that Schedule 4.19 will change from time to time between the Effective Date and Closing, and the Seller shall provide updates to Schedule 4.19 upon the occurrence of any significant change, decision or development and shall further deliver such updates pursuant to Section 9.03.

Section 4.20. Customer Service Laterals and Grinder Pumps

The Seller does not own, or have any responsibility for: any grinder pumps; connecting facilities located in the area originating from the Seller's terminus point of the collection facilities at the edge-of-road or curb-line or curb stop when the facilities are located with a public right-of-way or the edge of an easement where the collection facilities are located within private property to and throughout the customer's property; or any and all piping and fixtures internal to each individual customer structure (whether residential, commercial, industrial or other customer classes/types).

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes only the representations and warranties that are set forth in this Article V.

As a material inducement to the Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer represents and warrants to the Seller, as of the Effective Date (except to the extent any of the following representations and warranties specifically apply or relate to another date, in which event such representations and warranties shall be true and correct as of such other date), as follows:

Section 5.01. Organization

The Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization.

Section 5.02. Authorization and Validity of Agreement

The Buyer has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. This Agreement has been duly authorized, executed and delivered by the Buyer and constitutes a valid and legally binding obligation of the Buyer, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 5.03. No Conflict or Violation

The execution and delivery of this Agreement by the Buyer, the consummation of the transactions contemplated by this Agreement and the performance by the Buyer of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of the Buyer under (i) any applicable Law, (ii) any material agreement, instrument or document to which the Buyer is a party or by which it is bound or (iii) the articles, bylaws or governing documents of the Buyer.

Section 5.04. Consents and Approvals

Schedule 5.04, sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Buyer or the performance by Buyer of its obligations hereunder.

Section 5.05. Broker's and Finder's Fees

No broker, finder or third party is entitled to any commission or finder's fee in connection with this Agreement or the transactions contemplated by this Agreement.

Section 5.06. **Financial Wherewithal**

Upon Closing, and after giving effect to the consummation of the transactions contemplated by this Agreement and the incurrence of any indebtedness in connection therewith, Buyer shall have the financial ability and will have sufficient working capital for its needs and anticipated needs to operate the System as a certificated public utility system regulated by the PaPUC authorized, among things, to provide wastewater utility services to retail residential, commercial and industrial customers in the System.

Section 5.07. **Sufficient Funds**

Buyer shall have sufficient funds available at Closing to consummate the transactions contemplated by this Agreement, to pay the Purchase Price in accordance with Article III and expenses related to the transactions contemplated by this Agreement, and on and after Closing, to generally provide ownership, operation and capital for the operations and capital needs of the System following the Closing, and assuring that the customers of the System will receive safe, adequate and reliable wastewater service equal to or better than such customers would have received without the transactions contemplated by this Agreement and at all times consistent with the provisions of the Pennsylvania Public Utility Code, 66 Pa. C. S. § 101 *et seq.*, and applicable Law.

Section 5.08. **Independent Decision**

Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) Seller has not made any representation or warranty, express or implied, as to the accuracy or completeness of the System or information provided to Buyer, and (b) the Seller does not have or is not subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any warranty of income potential, operating expenses or costs of operation of any Acquired Assets or the System.

Section 5.09. **Scheduled Matters**

Buyer acknowledges that: (a) the inclusion of any matter on any Schedule is not an admission by Seller that such listed matter is material or that such listed matter has or could have a material adverse effect or constitutes a material liability with respect to the Acquired Assets; (b) matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in such Schedules; and (c) such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

Section 5.10. **Independent Investigation**

Buyer acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement and related agreements, has relied solely on the results of its

investigation and on the representations and warranties of the Seller expressly contained in Article IV of this Agreement.

Section 5.11. Litigation

The Buyer is not in breach of any applicable Law that could have a material adverse effect on the operations of the System or the Buyer. Neither the Buyer nor any Affiliate of the Buyer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce or their successors, or on any other list of Persons with which the Seller may not do business under applicable Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. Except as set forth on Schedule 5.11, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of the Buyer, threatened against the Buyer before or at the Closing Effective Time, which will have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

ARTICLE VI.

TITLE TO REAL ESTATE; EASEMENTS

Section 6.01. Evidence of Title

Subject to Section 6.06, with respect to all Real Property, Buyer shall obtain, at its sole cost and expense, a commitment for an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006 (the "Title Commitment"), issued by a title insurance company selected by Buyer and licensed to insure title to real property by the Commonwealth of Pennsylvania (the "Title Company"), having an effective date after the Effective Date. Following the Effective Date, Buyer shall order the Title Commitment from the Title Company and shall provide Seller evidence of the same. Notwithstanding anything to the contrary in Section 6.02(a) below, Buyer shall not be entitled to send an Objection Notice with respect to any parcel of Real Property and the Title Commitment for the same if, within thirty (30) Business Days after the Effective Date, Buyer has not ordered the Title Commitment from the Title Company for such parcel of Real Property and provided Seller with evidence of the same.

Section 6.02. Objections to Title

(a) Notice of Objections. Within forty-five (45) days of Buyer's receipt from the Title Company of a Title Commitment for any of the parcels of Real Property, Buyer shall deliver to Seller a true, correct and complete copy of the Title Commitment for each parcel of Real Property and true, correct, complete and legible copies of any and all exception documents listed in the same, along with Buyer's written notice to Seller of any of the exceptions to title set forth on Schedule B of such Title Commitment to which Buyer objects (such written notice of Buyer being referred to as the "Objection Notice"). Notwithstanding the foregoing, Buyer shall not be entitled to object to exceptions to title which: (a) are Permitted Liens, (b) pertain to the

Buyer or any reasonable and customary requirements, conditions or obligations of the Buyer, (c) are matters of record and set forth in the Title Commitment that do not, either individually or in the aggregate with other matters of record, in Buyer's reasonable opinion, materially and adversely restrict or prevent the use of the Real Property in the operation of the System, or (d) are standard Title Company exceptions (such as the "survey" exception) (such exceptions objected to in the Objection Notice, provided the same are not as described in (a) through and including (d) aforesaid, being referred to as the "Title Objection Items"). The Buyer shall include a true, correct and complete copy of the Title Commitment in the Objection Notice and true, correct, complete and legible copies of any and all exception documents listed in the same in the Objection Notice. If Buyer provides the Seller with an Objection Notice, the Seller shall use commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record, or insured over, by the Title Company (individually, "Cure" and collectively, "Cured") before or as of the Closing. At or before the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that Seller has Cured all such Title Objection Items. In the event that Seller is unable to Cure any Title Objection Item per this Section 6.02(a), Seller shall indemnify Buyer for such inability per the terms of Article VIII hereof, provided that Seller's indemnification obligation arising under this Section 6.02(a) shall not be subject to the Threshold Amount nor the Liability Cap set forth in Section 8.05. For avoidance of doubt, Buyer acknowledges that no item listed in clauses (a) through and including (d) above, may be objected to by Buyer as a Title Objection Item.

(b) Liens. Without limiting the Seller's obligations pursuant to Section 6.02(a) above, before or as of the Closing, the Seller shall, at the Seller's cost and expense, Cure any Lien encumbering the Real Property which can be Cured by the payment of money (other than Permitted Liens).

(c) Title Endorsements/Survey. Buyer shall pay for any endorsements required by the Buyer or any mortgagee of the Buyer to Buyer's Title Policy. If any survey is required by Buyer or its mortgagee, either as a condition to any such endorsement or otherwise, the Buyer shall obtain it at its sole cost and expense. If Buyer obtains a survey of any or all of the Real Property and desires the deed to contain the legal description based on such survey, if the same is not identical to the legal description contained in Seller's deed of record, Seller is not obligated to include the same in the deed to Buyer unless the survey is certified to Seller and such description is included in the deed on a "quitclaim" basis only and without warranty of title.

(d) License at Closing. Seller shall provide Buyer with a license agreement granting Buyer a license in all of Seller's rights to access such Real Property in order to allow Buyer to operate and maintain in the System until such time as Buyer is provided title to such Real Property as provided for in this Agreement. For the avoidance of doubt, Seller shall provide such title as soon as reasonably practicable in accordance with Section 6.01.

(e) Insurable Claims. To the extent any Claim for Losses under Article VIII constitutes an Insurable Claim (as defined below), Buyer shall assert the Insurable Claim and use its commercially reasonable efforts to obtain recovery for such Insurable Claim against the Title Company (which shall include commencing litigation and diligently prosecuting such Insurable Claim to judgment) before pursuing a Claim for Losses under Article VIII. If at any time following a non-favorable judgment that substantially denies the relief sought by Buyer from the

Title Company in connection with the Insurable Claim (each a “Non-Favorable Judgment”), Buyer may, following such Non-Favorable Judgment, to pursue the Seller with a Claim for Losses under Article VIII (any such Claim against the Seller following an attempted Insurable Claim against the Title Company being a “Residual Title Claim”). Notwithstanding anything to the contrary in Article VIII, Buyer may assert a Claim for Losses based upon a Residual Title Claim for a sixty (60) day period after the Non-Favorable Judgment. For purposes of this Section 6.02(d), an “Insurable Claim” means a Claim that: (i) arises out of Buyer’s discovery of a title defect or encumbrance with respect to any of the Real Property following the Closing that materially restricts or prevents the use of such Real Property in the operation of the System; and (ii) constitutes a claim against the Title Company under Buyer’s Title Policy. Buyer acknowledges that any and all Claims which Buyer could otherwise bring as a breach of a covenant of title under the special warranty deed to the Real Property shall be included within the Claim for Losses under Article VIII and is subject to the terms of this Section 6.02(e).

Section 6.03. Title Expenses

Irrespective of whether the transactions described by this Agreement are consummated and Closing occurs, Buyer shall pay all costs and expenses of obtaining the Title Commitment, Title Policy and any survey.

Section 6.04. UCC Search; Releases

Not later than ninety (90) days after the Effective Date, Buyer shall obtain at its sole cost and expense a Uniform Commercial Code search against Seller covering any of the personal property or fixtures included among the Acquired Assets from the Office of the Secretary of the Commonwealth of Pennsylvania and the Recorder of Deeds of Beaver County, Pennsylvania (the “UCC Search”). On or before the Closing Date, Seller shall at its sole cost and expense obtain releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. The Seller shall provide the form of the releases of such security interests to Buyer on or before the Closing Date.

Section 6.05. Easements.

(a) Promptly after the Effective Date and before the Closing, the Seller will, at its sole cost and expense, cause an abstractor selected by the Seller and reasonably acceptable to Buyer and the Title Company (the “Abstractor”), to perform a search of the public land records of Beaver County, based on the Seller’s records and plans of the System (and such other sources of information as are reasonably related thereto), by searching the grantee index in the names of the Seller and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on any and all recorded Easements (including information related to any Liens or encumbrances on Seller’s title thereto), and (ii) together with the Seller, identify all Missing Easements. During the process, as the Abstractor provides written search results to the Seller (including updated versions of the Abstractor Search Result Chart), the Seller will promptly provide the same to Buyer for its review, and, without limiting the foregoing, the Seller shall, or shall cause the Abstractor to, provide Buyer with periodic updates (which shall occur no less frequently than bi-weekly) on the status of the activities set forth in the previous sentence.

(b) Notice of Objections. Within forty-five (45) days of Buyer's receipt from the Seller (or the Abstractor) of each piece of information specified in subsection (a) above, which shall be delivered to Buyer on a rolling basis as prepared by the Abstractor, Buyer shall deliver to Seller written notice identifying the encumbrances on the Easements that, in Buyer's reasonable opinion, could either individually or in the aggregate with other matters of record, materially and adversely restrict or prevent the use of the Easements in the operation of the System, (an "Easement Objection Notice"). Buyer shall not be permitted to include in its Easement Objection Notice any encumbrances that: (a) are Permitted Liens, (b) pertain to the Buyer or any reasonable and customary requirements, conditions or obligations of the Buyer, or (c) are matters of record and set forth in the Abstractor's search results that either individually or in the aggregate with other matters of record, do not, in Buyer's reasonable opinion, materially and adversely restrict or prevent the use of the Easements in the operation of the System (specifically including mortgages or other instruments securing indebtedness incurred by the owner of the land burdened by the Easement) (such exceptions objected to in the Objection Notice, the "Easement Objection Items." If Buyer provides the Seller with an Easement Objection Notice, the Seller shall use commercially reasonable efforts to have the Easement Objection Items Cured, prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that all objections identified in the Easement Objection Notice have been cured. In the event that Seller is unable to Cure any such objection Item per this Section 6.05(b), Seller shall indemnify Buyer for such inability per the terms of Article VIII hereof, provided that Seller's indemnification obligation arising under this Section 6.05(b) shall not be subject to the Threshold Amount. Seller acknowledges and agrees that (x) the forty-five (45) day period set forth in this Section 6.05(b) does not and shall not apply with respect to Buyer determining whether there are any Missing Easements, and (y) Buyer may notify Seller of any Missing Easement at any time up to and including the Closing Date.

(c) If during the process of Abstractor's review and investigation of the Beaver County land records, Seller determines, based on the Abstractor's investigation, that there is a Missing Easement, the Seller (at its cost and expense) shall take any and all actions (including the use of its power of condemnation) to obtain any such Missing Easements so that the same may be sold, assigned, transferred and conveyed to Buyer at the Closing pursuant to the terms and conditions of this Agreement. The Seller shall pay for all costs and expenses incurred in connection with obtaining each Missing Easement (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain Missing Easements). If Seller has not obtained all Missing Easements by the date that is ninety (90) days after the date that Abstractor has completed his review of the County land records and delivered the last results of the same to Seller (the "Abstract Completion Date"), then the Seller (at its cost and expense) shall, as soon as reasonably practicable, commence and file in the Court of Common Pleas, Beaver County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by the Seller is considered an Easement. The Seller shall be responsible for the costs and expenses of all condemnation and eminent domain proceedings.

(d) License at Closing. Seller shall provide Buyer with a license agreement granting Buyer a license in all of Seller's rights to access all Missing Easements in order to allow Buyer to operate and maintain the System until such time as Buyer is provided title to such Missing Easements as provided for in this Agreement.

(e) Escrow at Closing for Missing Easements. For all of the Missing Easements listed on attached Schedule 6.05(e) as of the Closing Date, Seller will have additional time following the Closing Date to secure and assign and transfer the Missing Easements to Buyer. Seller shall diligently pursue and deliver the Missing Easements on or before the third (3rd) anniversary of the Closing Date, subject to any extension as permitted by Escrow Agreement, in the form attached as Exhibit C, that will require, among other things, the funding of an escrow account in the amount of Two Thousand Dollars (\$2,000) for each Missing Easements set forth on Schedule 6.05(e) as of the Closing Date to secure the Seller's obligations under this Agreement and the Escrow Agreement.

(f) Unscheduled Property

The Parties acknowledge that the Seller may own interests in or have the legal right to use or occupy the Real Property and/or Easements that are necessary or essential to the operation of the System and that are not set forth in Schedule 4.09 (the "Unscheduled Real Property"). If the Parties discover before or after the Closing Date, one or more parcels of Unscheduled Real Property, the discovering Party shall give written notice of such discovery to the non-discovering Party. In addition to its obligations in Section 2.03, Seller shall convey, assign or otherwise transfer any rights to each parcel of Unscheduled Real Property, with no adjustment to the Purchase Price, in such a manner as to provide Buyer with reasonable assurances that Buyer will have the right to use or occupy the Unscheduled Real Property as it was used by Seller as of the Effective Date.

ARTICLE VII.

OTHER AGREEMENTS

Section 7.01. Taxes

Except as provided in this Agreement, the Seller shall pay any and all Taxes, if any, arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing Date.

Section 7.02. Cooperation on Tax Matters

The Seller shall furnish or cause to be furnished to Buyer, as promptly as practicable, whether before or after the Closing Date, such information and assistance relating to the System as is reasonably necessary for the preparation and filing by Buyer of any filings relating to any Tax matters.

Section 7.03. Personnel Matters

(a) Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations specified in Section 7.03(h) below with respect to Union Personnel, Buyer shall, or shall cause an Affiliate of Buyer to, offer employment effective on the Closing Date, to the Personnel set forth on Schedule 7.03(a) who are employed by the Seller in operating the System as of the Closing Date, subject to Buyer's existing standard hiring policies and procedures applicable to new employees, including but not limited to a criminal background check and drug screening, except with respect to benefits as otherwise provided in Section 7.03(c). The Personnel who accept such employment and commence employment on the Closing Date, are referred to in this Agreement as the "Transferred Personnel." Schedule 7.03(a) shall not be amended after the date this Agreement is executed without the prior written consent of Buyer. For purposes of clarity, nothing contained in this Section 7.03 shall be deemed to limit, restrict or prohibit Buyer from interviewing the applicable Personnel for informational purposes only in connection with the transfer of employment of the Personnel to Buyer as provided in this Section 7.03. Buyer may make the required offer of employment at such a time to permit Buyer to require such offerees' decision to accept or reject such offers up to three (3) months prior to the Closing Date.

(b) Transferred Personnel who are Non-Union Personnel shall be employees-at-will of Buyer. Buyer shall provide each of the Transferred Personnel who are Non-Union Personnel compensation and benefits which are substantially comparable (i) in the aggregate to Seller's compensation and benefits as of the Effective Date and (ii) the compensation and benefits then provided to similarly situated employees of Buyer. Nothing in this Agreement requires Buyer to provide any particular form or type of employee benefit program, plan or policy to any Transferred Personnel who are Non-Union Personnel as a result of the transaction contemplated by this Agreement.

(c) Subject to the obligations of Seller under the Collective Bargaining Agreement and Law and Buyer's obligations specified in Section 7.03(h) below with respect to Union Personnel, with respect to any employee benefit plan maintained by Buyer or an Affiliate of Buyer for the benefit of any Transferred Personnel, effective as of the Closing Date, Buyer shall, or shall cause its Affiliate to, recognize all previous service of the Transferred Personnel with Seller, as if such service were with Buyer for the purposes of determining eligibility and vesting for benefits. Notwithstanding the foregoing, to the extent Buyer sponsors a defined benefit pension plan or post-retirement medical benefits, Transferred Personnel shall not receive vesting credit under such plan with respect to service performed for Seller to the extent that any such Transferred Personnel are fully vested in a defined benefit pension plan or post-retirement medical benefits to which Seller contributes.

(d) Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations specified in Section 7.03(h) below with respect to Union Personnel, effective as of the Closing, the Transferred Personnel's employment with Seller shall end and the Transferred Personnel shall cease active participation in the Seller's Plans. Seller shall remain liable for all eligible claims for benefits under the Seller's Plans that are incurred by the Transferred Personnel before the Closing Date. Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations specified in Section 7.03(h) below with respect to Union Personnel, Seller shall remain liable to make any contributions to Seller's Plans related to, and/or to fund any retirement benefits

accrued by, the Transferred Personnel prior to Closing. Seller shall remain liable for all pay, expenses, wages, Taxes and all other obligations and Liabilities of any nature whatsoever relating to (i) the period prior to the Closing Date with respect to any Personnel that become Transferred Personnel and (ii) relating to all periods before or after the Closing Date with respect to any current or former Personnel who do not become Transferred Personnel.

(e) This Section 7.03 shall be binding and inure solely for the benefit of each of the Parties to this Agreement, and nothing in this Section 7.03, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or because of this Section 7.03. This Section 7.03 shall not create any right in any Transferred Personnel or any other Person to any continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever, and shall not be deemed to restrict Buyer in the exercise of its independent business judgment in establishing or modifying any of the terms or conditions of the employment of the Transferred Personnel. Nothing contained in this Section 7.03 shall constitute an amendment of, or an undertaking to amend, any employee benefit plan, program or arrangement maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with its terms.

(f) Notwithstanding anything in this Agreement to the contrary, it is expressly understood that Buyer will not acquire any asset, or assume any liability or obligation in connection with the transactions contemplated by this Agreement relating to any of the Seller's Benefit Plans or Seller's Benefit Obligations. Seller shall be solely responsible for any liability, funding obligation, claim or expense arising from the Seller's Plans and Seller's Benefit Obligations, both before, and after, the Closing Date, except as provided in Section 7.03(c).

(g) At a reasonable time prior to the Closing Date, Seller shall transfer copies of all records pertaining to the employment of the Transferred Personnel to Buyer including, but not limited to, all personnel and human resources Files and Records.

(h) Effective as of and conditioned upon Closing and to the greatest extent permissible by law:

(1) Buyer shall recognize the Union as the exclusive bargaining representative for Union Personnel in their current bargaining unit if the Buyer's employees performing the bargaining unit work previously performed by Union Personnel constitute at least a majority of Union Personnel in the applicable bargaining unit and the related bargaining unit contains more than one (1) employee;

(2) To the extent the Union is recognized pursuant to Section 7.03(h)(1) herein, Buyer shall collectively bargain in good faith with the Union to establish a new collective bargaining agreement(s). Except as outlined in Section 7.03(h)(3) herein, if initial terms and conditions of employment cannot be agreed to by the Buyer and the Union, Buyer will adopt Seller's Collective Bargaining Agreement(s)(as defined in Article I herein) for employees in the applicable bargaining unit as of and conditioned upon Closing.

(3) Buyer is not obligated, however, and will not provide medical insurance, paid time off or pension benefits as provided for in the Collective Bargaining Agreements, but instead will provide Union Personnel with the medical insurance, paid time off and retirement benefits it provides to similarly situated employees. The Buyer also shall not be bound by the employee Residency requirement provisions of the Collective Bargaining Agreements, specifically, Article XXII of the Local 9305-08 agreement, and Article XXI of the Local 9305-10 agreement and any provision of the Collective Bargaining Agreement(s) with which it legally cannot comply. Seller makes no representations, and Buyer is solely responsible for determining, that these terms meet Buyer's obligations under applicable labor law.

Effective upon the Closing Date, Municipal Council shall no longer participate in the grievance procedures, as provided for by the Collective Bargaining Agreements. Furthermore, upon the Closing Date, neither Municipal Council nor any other administrative body of Seller shall have any further involvement in the operations of the System, wherever such involvement may be provided for by the Collective Bargaining Agreements.

Section 7.04. **Initial and Future Rates**

(a) **Rates.** After Closing, Buyer shall implement the Seller's sanitary wastewater rates then in effect at Closing, as set forth on Schedule 7.04, and inclusive of any PaPUC permitted or required surcharges or pass-through costs ("**Base Rates**"), as Buyer's effective sanitary wastewater rates, provided that the rates reflected on Schedule 7.04 (at Closing) shall not be lower than those in effect on the date of the Effective Date. Buyer shall apply, at and after Closing, its then-existing miscellaneous fees and charges, rules and regulations for wastewater service as set forth in Buyer's tariff within Seller's Service Area, or, if Buyer does not have a tariff previously approved by the PaPUC, miscellaneous fee and charges, rules and regulations as proposed by Buyer and approved by the PaPUC.

(b) **PaPUC Approval.** The Buyer shall include the rate provisions of Sections 7.04(a) in its requested PaPUC Governmental Approval.

(c) **Billing.** The Buyer shall bill customers on a monthly basis.

Section 7.05. **Buyer Taxpayer**

From and after the Closing Date, Buyer acknowledges that, upon conveyance of the Acquired Assets to Buyer, the Buyer will be subject to, among other Taxes, real estate Taxes, which Buyer shall pay when due.

Section 7.06. **PaPUC Approval**

(a) Promptly after the Effective Date, Buyer shall timely initiate and faithfully prosecute the necessary proceedings to obtain from the PaPUC (i) the issuance of certificates of public convenience to Buyer to provide wastewater services in the Service Area, (ii) the approval of the acquisition of the System by Buyer under terms and conditions that are reasonably

acceptable to Seller and Buyer, and (iii) the approval of any inter-municipal agreements. Seller shall cooperate with and assist Buyer in proceedings before the PaPUC.

(b) The Parties agree that the procedures for determining fair market value of the System and Acquired Assets outlined in subsection (a) of Section 1329 of Title 66 of the Pennsylvania Consolidated Statutes (“Section 1329”) shall be utilized and filed with the PaPUC as contemplated by Section 1329.

(c) The fees and expenses related to engaging the licensed engineer for such Section 1329 determination shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by the Seller.

(d) To the extent requested by Buyer, Seller shall participate in any proceedings before the PaPUC as an intervenor and active party, provided that the Seller shall bear the fees and expenses directly related to such intervention, including legal expenses. Seller may be represented by the counsel of its choice in any such proceedings.

(e) Buyer, in Buyer’s first base rate proceeding with respect to the System following the Closing, shall propose the use of statutory and regulatory mechanisms available to benefit the Buyer’s acquired customers for ratemaking purposes.

Section 7.07. Remedies for Breach of Article VII Agreements

If Buyer breaches any of the covenants and agreements set forth in this Article VII, in addition to all other rights and remedies available at law or in equity, including specific performance and/or injunctive relief, Seller may commence proceedings before the PaPUC seeking enforcement of such covenants and agreements.

Section 7.08. Operation and Maintenance of MS4 and Stormwater Systems

The Seller, and/or its successor or designee-in-interest, shall remain at all times responsible for the operation and maintenance of its MS4 system and stormwater system assets. This provision shall not preclude Seller from transferring its MS4 system and stormwater system assets to another governmental entity, municipal authority or other qualified purchaser at a future time.

Section 7.09. Pending Development Plans

(a) Buyer and the Seller acknowledge that from the time of the Effective Date, the Seller shall continue to administer, and perform its duties and responsibilities with respect to the Pending Development Plans set forth on Schedule 4.19. For the avoidance of doubt, after the Closing Date, the Seller shall not seek to collect any EDU or tapping-related fees.

(b) Following the Effective Date, Seller shall not enter into any contract with a third party that contemplates the construction of new sanitary wastewater facilities, including, without limitation, pumping stations, force mains, manholes, or pipelines for service to future customers related to Pending Development Plans (collectively, “New System Assets”) without providing a draft of such contracts to Buyer for its review and approval as to the design and specifications before execution by the parties to such contracts. Buyer shall have thirty (30) Business Days to

review and approve such contracts, and Buyer's failure to object in writing to any terms of such contracts within such thirty (30) Business Day review period is deemed an approval of the same by Buyer.

Section 7.10. Act 537 Plan

(a) Buyer acknowledges that Seller has previously committed to an official plan, commonly known as an Act 537 Plan (the "Act 537 Plan") under the Pennsylvania Sewage Facilities Act ("Act 537"), which has been made available to Buyer. Buyer understands that the Act 537 Plan contains obligations and commitments, as more fully set forth in the Act 537 Plan to complete certain improvements and upgrades to the System (the "System Improvements"). Buyer shall accept and complete all of the System Improvements as Seller agreed to complete under the existing Act 537 Plan. Prior to agreeing to further obligations pursuant to future amendments to the Act 537 Plan that could reasonably be deemed to affect Buyer, Buyer and Seller shall negotiate in good faith to resolve any objections Buyer may raise in connection with such proposed amendment(s).

(b) Buyer acknowledges Seller has jurisdiction over sewage facilities planning and sewer service through the Act 537 Plan and its Act 537 planning program, zoning, subdivision and land development ordinances and comprehensive land use planning policies. Buyer and Seller shall cooperate with respect to current and future sewage facilities planning and sewer service consistent with the provisions of this Section 7.10.

(c) Subject to PaPUC approval of the Service Area as provided in Section 7.06, Buyer shall maintain and, if necessary, extend sewer lines and provide sewage collection and treatment services to properties within the Service Area in a manner consistent with the Plan and the Buyer's Tariff. Seller will confer with Buyer concerning any revision to the Plan that would affect the provision of sewage collection and treatment services within the Service Area. Seller shall not propose or adopt any revision to the Act 537 Plan that would reduce the Service Area or divert wastewater flows generated from properties located within the Service Area from being served by the System without the written approval of Buyer.

(d) Buyer will not request, pursue, or implement expansions of the System beyond the current Service Area (that would trigger an Act 537 Plan revision) without the prior written approval of Seller and the PaDEP. Seller shall promptly notify and confer with Buyer, and consider Buyer's comments, concerning any proposed Act 537 Plan revision (including any sewage facilities planning module) that would involve the provision of sewage collection and treatment services by the System to area or properties outside of the Service Area. With respect to any such potential Plan revision, Seller and Buyer shall cooperate in evaluating alternatives for provision of sewage services to such areas consistent with the requirements of 25 Pa Code Ch. 71, including consideration of the technical feasibility, economic feasibility and cost effectiveness, consistency with the objectives and policies of plans and requirements of 25 Pa. Code Ch. 71.21(a)(5), consistency with municipal land use plans and ordinances, subdivision ordinances and other ordinances and plans for controlling land use and development, technically and administratively able to be implemented, and other factors required under Act 537 or under Buyer's Tariff.

(e) If Seller and Buyer each determine that the provision of sewage collection and treatment services by the System to certain areas or properties outside of the Service Area is technically feasible, economically feasible and cost effective, and meets all of the requirements set forth in Act 537 and 25 Pa. Code Ch. 71, the Seller shall revise the Act 537 Plan to include such identified areas and properties in the Service Area. If Seller revises the Act 537 Plan pursuant to this subsection and such amendment is approved by PaDEP, (i) Buyer shall request that the modified Service Area be approved by PaPUC; and (ii) subject to PaPUC approval of the inclusion of such modified Service Area, Buyer shall extend sewer lines and provide sewage collection services to properties within such expanded Service Area in a manner consistent with the Act 537 Plan and Buyer's Tariff.

Section 7.11. Utility Valuation Experts and Engineering Assessment

Buyer and Seller shall each be responsible for the costs associated with their respective Utility Valuation Expert for the preparation and completion of their respective Utility Valuation Expert's appraisal report and any additional work by their respective Utility Valuation Expert necessary to assist in the processing and prosecution of the application to the PaPUC in regard to this transaction under Section 1329.

Section 7.12. Compliance and Operational Reports

After the Effective Date and through the Closing Date, Seller shall provide Buyer with a monthly report to the person designated by Buyer, disclosing any and all material compliance or operational deficiencies that occurred during the previous month. During the same period, Seller shall also provide Buyer with copies of all reports filed with PaDEP regarding the System, including any discharge monitoring reports, associated supplemental reports, and WETT reports, when available.

Section 7.13. Implementation and Enforcement of Municipal Code

Following the Closing Date, Seller shall continue to implement and enforce the relevant provisions of the Municipal Code of the City of Beaver Falls, as amended.

Section 7.14. Covenant Survival

The covenants set forth in this Article survive Closing.

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. Survival

All representations and warranties contained in this Agreement shall survive until twelve (12) months following the Closing Date, except that (a) the representations and warranties of the Seller specified in Section 4.01 (Organization), Section 4.02 (Power and Authority), Section 4.03 (Enforceability), Section 4.10 (Equipment and Machinery), Section 4.17 (Brokers' and Finders' Fees), and Section 4.18(a) (Title to Acquired Assets) (collectively, the "Seller Fundamental

Representations”) shall survive the Closing indefinitely or until the applicable statute of limitations expires (giving effect to any waiver, mitigation, or extension thereof), (b) the representations and warranties of Seller specified in Section 4.13 (Environmental Compliance) shall survive the Closing until the expiration of the applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof), and (c) the representations and warranties of Buyer specified in Section 5.01 (Organization), Section 5.02 (Authorization and Validity of Agreement), and Section 5.05 (Brokers’ and Finders’ Fees) (collectively, the “Buyer Fundamental Representations”) shall survive the Closing indefinitely or until the applicable statute of limitations expires (giving effect to any waiver, mitigation, or extension thereof). The covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the applicable statute of limitations expires (giving effect to any waiver, mitigation, or extension thereof). Notwithstanding the preceding sentences, (x) any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought before such time, and (y) nothing contained in this Section 8.01 shall limit in any way any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights shall survive the Closing indefinitely.

Section 8.02. Indemnification by the Seller

To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, the Seller shall indemnify, defend and hold harmless, Buyer and its successors and Affiliates and their respective employees, officers, directors, trustees and agents (the “Buyer Indemnified Persons”), from and against any and all claims for Losses arising from or relating to: (a) any breach of, material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of the Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by the Seller before the Closing pursuant to this Agreement (without regard to any materiality, Material Adverse Effect or related qualifications in the relevant representation or warranty (except where such provision requires disclosure of lists of items of a material nature or above a certain threshold)); (b) any breach or material nonfulfillment of any of the covenants or agreements of the Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by the Seller before the Closing pursuant to this Agreement; (c) any Excluded Liability or Excluded Asset or (d) the ownership, use, operation or control of the Acquired Assets or the System prior to the Closing or any incident, occurrence, condition or claim arising prior to Closing and relating to the ownership, use, operation or control of the Acquired Assets or the System prior to Closing.

Section 8.03. Indemnification by Buyer

To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, Buyer shall defend, indemnify and hold harmless the Seller and its successors and Affiliates and each of their respective employees, officers, directors and agents (the “Seller

Indemnified Persons”) from and against any and all claims for Losses arising from or relating to: (a) any breach of, misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Buyer contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (b) any material breach of any of the covenants or agreements of Buyer contained in this Agreement or in any exhibit, schedule certificate or other instrument or document furnished or to be furnished by the Buyer pursuant to this Agreement; (c) any Assumed Liability as and when payment and performance is due, including without limitation any liability related to any claims by any Governmental Authority; (d) for the avoidance of doubt, Buyer’s actions involving Environmental Requirements, Hazardous Materials or environmental claims from and after the Closing Date; or (e) the ownership, operation or control of the Acquired Assets or the System from and after the Closing Date.

Section 8.04. Indemnification Procedure

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a representative of the foregoing (a “Third Party Claim”) against such Indemnified Party with respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses because of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party may participate in, or by giving written notice to the Indemnified Party (and subject to the other requirements herein) to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel (which counsel is reasonably acceptable to the Indemnified Party), so long as (i) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim, provided, that if the Indemnifying Party assumes control of such defense it must first agree and acknowledge in such notice that the Indemnifying Party is fully responsible (with no reservation of any rights other than the right to be subrogated to the rights of the Indemnified Party) for all Losses relating to such Third Party Claim, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and at its own cost and expense, and (iii) the Third Party Claim (A) does not involve injunctive relief, specific performance or other similar equitable relief, any claim in respect of Taxes, any Governmental Authority, any criminal allegations, or any potential damage to the goodwill, reputation or overriding commercial interests of Buyer or its Affiliates, (B) is not one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (C) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is

failing to vigorously prosecute or defend. The Indemnified Party shall reasonably cooperate in good faith in such defense. If the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party may, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Seller and Buyer shall reasonably and in good faith cooperate with one another in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 8.04(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give prompt written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within fifteen (15) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.04(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party with respect to any Loss which does not arise or result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses because of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During the thirty (30) day period, the

Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity and amount of such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, by delivery of written notice disputing the basis or amount of the Direct Claim, the Indemnifying Party is deemed to have rejected such claim, in which case the Indemnified Party is free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such Direct Claim, the Parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute may be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement.

Section 8.05. Limitations on Indemnification Obligations

(a) Subject to the other limitations contained in this Section 8.05, neither Buyer nor the other Buyer Indemnified Persons is entitled to indemnification pursuant to Section 8.02(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Buyer and the other Buyer Indemnified Persons under this Agreement exceeds One Percent (1.0%) of the Purchase Price (the “Threshold Amount”), in which case Seller shall then be liable for Losses in excess of the Threshold Amount; except that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification (i) based on fraud, intentional misrepresentation or willful misconduct, (ii) based on any inaccuracy in, misrepresentation as to or breach of any of the Seller Fundamental Representations or any of the representations and warranties set forth in Section 4.13, or (iii) pursuant to Sections 8.02 (c) or (d).

(b) Subject to the other limitations contained in this Section 8.05 neither Seller nor the other Seller Indemnified Persons is entitled to indemnification pursuant to Section 8.03(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Seller and the other Seller Indemnified Persons under this Agreement exceeds the Threshold Amount, in which case Buyer shall then be liable for Losses in excess of the Threshold Amount; except that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct or pursuant to Sections 8.03(c)(d) and (e).

(c) Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to Buyer and the other Buyer Indemnified Persons subject to a cap of the Purchase Price), Buyer and the other Buyer Indemnified Persons shall only be entitled to assert claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, which shall not be subject to the Liability Cap (as such term is hereinafter defined), but shall be capped at the Purchase Price)) up to the aggregate amount of 7.5% of Purchase Price (the “Liability Cap”), which shall represent the sole and exclusive remedy of Buyer and the other Buyer Indemnified Parties for any such claims under Section 8.02(a).

(d) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss is limited to the amount of any liability or damage that remains after

deducting therefrom any insurance proceeds actually received and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses before seeking indemnification under this Agreement.

(e) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss will be reduced by an amount equal to any Tax benefit realized or reasonably expected to be realized as a result of such Loss by the Indemnified Party.

(f) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

(g) Subject to the provisions of Sections 3.01, 7.07, 15.11 and any other provisions for equitable relief and/or specific performance, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each Party waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Party hereto and their Affiliates and each of their respective representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.05(g) limits any Parties' right to seek and obtain any equitable relief and/or specific performance to which any Party is entitled pursuant to this Agreement.

Section 8.06. Knowledge of Breach

The Seller will not be liable under this Article VIII for any Losses 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 actual knowledge of such inaccuracy or breach before the Closing Date. Buyer will not be liable under this Article VIII for any Losses 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 actual knowledge of such inaccuracy or breach before the Closing Date.

ARTICLE IX.

PRE-CLOSING COVENANTS OF THE SELLER

Section 9.01. Operation of the System

Except as otherwise expressly permitted by this Agreement, as required by applicable Law or with the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned), from the Effective Date until the Closing, the Seller shall (i) operate and manage the System only in the ordinary course of business in accordance with past practices and

procedures, (ii) comply in all material respects with all applicable Laws and Authorizations and Permits, and (iii) use commercially reasonable efforts to maintain and preserve intact the business and assets of the System and preserve the rights, franchises, goodwill and relationships of the Seller and the System and their customers, lenders, suppliers, regulators and others having business relationships with the Seller and the System including, but not limited to, the land development agreements in existence as of the Effective Date which such agreements shall not be materially amended without notice to and the consent of Buyer, which consent shall not be unreasonably withheld or delayed.

Section 9.02. **Cooperation**

The Seller shall reasonably cooperate with Buyer and its employees, attorneys, accountants and other agents and, generally, act in reasonably good faith to timely carry out the purposes of this Agreement and the consummation of the transactions contemplated by this Agreement.

Section 9.03. **Supplements and Updates**

The Seller shall promptly deliver to Buyer any supplemental information updating the information in the representations and warranties set forth in Article IV of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Within at least ten (10) Business Days of having Knowledge of the same, but in no event later than (3) Business Days before the Closing Date, the Seller shall advise Buyer of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained in this Agreement. Subject to Section 8.06, no supplemental information or facts provided by Seller pursuant to this Section 9.03 shall be deemed to have cured any breach of any representation or warranty contained in this Agreement, including for purpose of the indemnification rights contained in this Agreement. For the avoidance of doubt, no such supplemental information or facts provided pursuant to this Section 9.03 shall be deemed to alter any Schedules without the prior written consent of Buyer (such consent not to be unreasonably withheld, conditioned or delayed).

Section 9.04. **Governmental Approvals**

Promptly after the execution of this Agreement, or as required by Law, except as provided in Section 7.06 or otherwise expressly provided herein, the Seller shall file all applications, reports, and requests for consent that are required to be filed by Seller with any Governmental Authority, as provided on Schedule 4.05. The Seller shall also promptly provide all information that any Governmental Authority may require in connection with any such application or report. The Seller shall use commercially reasonable efforts to obtain all required material consents, waivers, authorizations or approvals of any Governmental Authority, including all those listed on Schedule 4.05, or of any other Person in connection with the transactions contemplated by this Agreement. All such consents, waivers, authorizations, or approvals of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement shall be in form and content reasonably satisfactory to Buyer and the Seller before Closing and must be final and non-appealable. If a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and the Seller may agree to proceed to consummate the transaction.

ARTICLE X.

PRE-CLOSING COVENANTS OF BUYER

Section 10.01. Actions Before the Closing Date

Buyer shall not take any action that will cause it to be in breach of any representation, warranty, covenant or agreement contained in this Agreement or cause it to be unable to perform in any material respect its obligations hereunder, and Buyer shall use commercially reasonable efforts (subject to any conditions set forth in this Agreement) to perform and satisfy all conditions to Closing to be performed or satisfied by Buyer under this Agreement, including action necessary to obtain all consents and approvals of third parties required to be obtained by Buyer to effect the transactions contemplated by this Agreement.

Section 10.02. Governmental Approvals

Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Buyer shall file all applications and reports which are required to be filed by Buyer with any Governmental Authority as provided on Schedule 5.04. Buyer shall also promptly provide all information that any Governmental Authority may reasonably require in connection with any such application or report. Buyer shall use commercially reasonable efforts to obtain all consents, waivers, authorizations or approvals of any Governmental Authority, or of any other Person of any kind in connection with the transactions contemplated by this Agreement.

Section 10.03. Cooperation

Buyer shall reasonably cooperate with the Seller and their employees, attorneys, accountants and other agents and, generally, do such other acts and things in good faith as may be reasonable to timely carry out the purposes of this Agreement and the consummation of the transactions contemplated in accordance with the provisions of this Agreement.

Section 10.04. Supplements and Updates

Buyer shall promptly deliver to the Seller any supplemental information updating the information in the representations and warranties set forth in Article V of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Within ten (10) Business Days of having Knowledge of the same, and at least three (3) Business Days before the Closing Date, Buyer shall advise the Seller of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

ARTICLE XI.

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligation of the Seller to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by the Seller in its sole discretion:

Section 11.01. Consents and Approvals

Receipt of all required consent, waiver, authorization or approval of any Governmental Authority, or of any other Person and any other approvals necessary to consummate the transactions contemplated by this Agreement set forth on Schedule 5.04, including without limitation all required EPA and PaDEP approvals, and all such Authorizations and Permits and Governmental Approvals must be final (and not subject to any appeal and any applicable appeal period having expired). Seller shall obtain the consent of any Governmental Authority as required by the PaPUC.

Section 11.02. Representations and Warranties of Buyer

The representations and warranties made by Buyer in Article V which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and the Seller shall have received a certificate to the effect of the foregoing from a duly authorized officer of Buyer dated as of the Closing Date.

Section 11.03. PaPUC Approval

PaPUC must have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to the Seller and the Buyer. If a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and the Seller may agree to proceed to consummate the transaction.

Section 11.04. No Injunctions

Neither the Seller nor the Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 11.05. Performance of the Obligations of Buyer

Buyer shall have performed in all material respects all obligations required under this Agreement to be performed by Buyer on or before the Closing Date, and the Seller shall have received a certificate to that effect from Buyer dated the Closing Date.

Section 11.06. Deliveries by Buyer

Buyer shall have made delivery to the Seller of the documents and items specified in Section 13.03 herein.

Section 11.07. No Material Adverse Effect

There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

ARTICLE XII.

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Buyer in its sole discretion:

Section 12.01. Consents and Approvals

(a) Receipt of all required material, non-governmental third party consents and any other approvals necessary or advisable to consummate the transactions contemplated by this Agreement set forth on Schedule 4.05 and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 5.04, including without limitation all required EPA and PaDEP approvals/renewals and all such Authorizations and Permits and Governmental Approvals must be final (and not subject to any appeal and any applicable appeal period having expired);

(b) The discharge of any outstanding debt of Seller which has resulted in any lien or other encumbrance on the System; and

(c) Seller shall have taken all actions to acquire title to the System and the Acquired Assets required to permit Seller to convey the System and the Acquired Assets to Buyer as required under this Agreement.

Section 12.02. Representations and Warranties of Seller

The representations and warranties made by the Seller in Article IV of this Agreement (disregarding all “materiality” and “Material Adverse Effect” or similar qualifications contained therein) shall be true and correct on and as of the Closing Date (except for representations and warranties expressly stated to relate to a specific date, in which case each such representation and warranty shall be true and correct as of such earlier date), with only such exceptions as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and the Buyer shall have received a certificate to that effect from the Seller dated as of the Closing Date.

Section 12.03. PaPUC Approval

PaPUC must have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to the Seller and the Buyer. If a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and the Seller may agree to proceed to consummate the transaction.

Section 12.04. No Injunctions

Neither the Seller nor the Buyer are subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 12.05. No Material Adverse Effect

There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

Section 12.06. Consent Order.

If Buyer determines that a Consent Order and Agreement (“CO&A”) with the PaDEP or any other regulatory agency is necessary in order to address compliance issues with respect to the System, Buyer may engage in the negotiation and entry into a CO&A between the Buyer and PaDEP in a form and substance and on terms and conditions reasonably satisfactory to Buyer. Buyer shall be responsible for all costs, expenses and efforts related to securing the CO&A with the PaDEP.

Section 12.07. Deliveries by Seller

Seller shall have made delivery to Buyer of the documents and items specified in Section 13.02 herein.

Section 12.08. Performance of the Obligations of Seller

Seller shall have performed in all material respects all obligations required under this Agreement to be performed by Seller on or before the Closing Date, and Buyer shall have received a certificate to that effect from Seller dated the Closing Date.

ARTICLE XIII.

CLOSING

Section 13.01. Closing Date

The Closing shall take place at a place in Pennsylvania that is mutually agreed upon by the Parties, at 10:00 a.m. eastern standard time on the earliest agreed upon date or within twenty (20) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Buyer and the Seller receive the last of the required

consents, waivers, authorizations and approvals from the Governmental Authorities, in each case, for the transactions contemplated by this Agreement, or at such other place and time, by such other method, or on such other date, as may be mutually agreed to by the Parties (the “Closing Date”). For purposes of prorating revenues and expenses, the Closing will be deemed to be effective at 12:01 a.m., City of Beaver Falls, Beaver County, Pennsylvania time, on the Closing Date (the “Closing Effective Time”). For all other purposes, specifically including the Parties’ indemnity obligations set forth in Article VIII, the Closing will be effective upon the receipt by the Seller of the Purchase Price.

Section 13.02. Deliveries by the Seller

At the Closing, the Seller, shall have delivered or cause to be delivered to Buyer executed copies of the following agreements, documents and other items:

(a) A Bill of Sale transferring all of the Acquired Assets comprising personal property, in the form attached hereto as Exhibit A;

(b) Possession of the Acquired Assets, including without limitation, the Real Property, the Easements and an interest in the Missing Easements, including a license from Seller to Buyer;

(c) A duly executed counterpart to an Assignment and Assumption Agreement with respect to the Assumed Liabilities (the “Assignment and Assumption Agreement”), in the form attached hereto as Exhibit B;

(d) The consents to transfer all of the Assigned Contracts and Authorizations and Permits (including environmental Authorizations and Permits), to the extent required hereunder;

(e) One or more special warranty or other deeds in recordable form reasonably acceptable to Buyer transferring fee simple title of Real Property, and one or more assignments in recordable form reasonably acceptable to Buyer with respect to the Easements (exclusive of any Missing Easements);

(f) Copies or originals of all Files and Records, materials, documents and records in possession of the Seller relating to the Real Property or the Assigned Contracts;

(g) Certificate of the Seller pursuant to Section 12.02 of this Agreement;

(h) Certificate of the Seller pursuant to Section 12.07 of this Agreement;

(i) Any documents duly executed by Seller required by the Title Company to issue final owner’s title policies in accordance with the procedures set forth in Article VI;

(j) An opinion of special counsel to the Seller in the form attached hereto as Exhibit D;

(k) A duly executed counterpart to the Escrow Agreement;

(l) All such other instruments of conveyance or other documents as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer to Buyer the Acquired Assets in accordance with this Agreement or to carry out the terms of this Agreement, duly executed and acknowledged by Seller, if necessary, and in a recordable form;

(m) A certification of Seller's non-foreign status in accordance with U.S. Treasury Regulation § 1.1445-2(b)(2); and

(n) A form W-9 properly completed by the Seller.

Section 13.03. Deliveries by Buyer

At the Closing, Buyer shall have delivered or caused to be delivered to the Seller the following agreements, documents and other items:

- (a) Payment in full of the Purchase Price;
- (b) A duly executed counterpart to the Assignment and Assumption Agreement;
- (c) Certificate of Buyer pursuant to Section 11.02 of this Agreement;
- (d) Certificate of Buyer pursuant to Section 11.05 of this Agreement;
- (e) Evidence of PaPUC approval as provided in Section 12.03;
- (f) A duly executed counterpart to the Escrow Agreement; and

(g) All such other instruments of assumption as shall, in the reasonable opinion of Seller and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement.

ARTICLE XIV.

TERMINATION

Section 14.01. Events of Termination

This Agreement may, by notice given in the manner provided in this Agreement, be terminated and abandoned at any time before completion of the Closing:

- (a) By the consent of both of the Seller and the Buyer;
- (b) By either of the Seller or the Buyer if:

(i) the Closing shall not have occurred on or before the Outside Date; except that the Buyer shall have the one-time right to extend the Outside Date for

up to ninety (90) days if, in the Buyer's sole discretion, any such amount of time up to ninety (90) days is necessary to obtain a required Governmental Approval; or

(ii) any Governmental Authority shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the material transactions contemplated by this Agreement and such order, decree, ruling or other action will have become final and non-appealable; provided, however, that the Party seeking termination pursuant to this clause (b) of this Section 14.01 is not in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement;

(c) By the Seller (if Seller is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by the Buyer pursuant to the terms of this Agreement or of any representation or warranty of the Buyer contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by the Seller to the Buyer or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XI of this Agreement not being satisfied (which condition has not been waived by the Seller in writing); or

(d) By the Buyer (if Buyer is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by the Seller pursuant to the terms of this Agreement or of any representation or warranty of the Seller contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by the Buyer to the Seller or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XII of this Agreement not being satisfied (which condition has not been waived by the Buyer in writing).

This Agreement may not be terminated after completion of the Closing.

Section 14.02. **Effect of Termination**

If this Agreement is terminated by the Seller or the Buyer pursuant to Section 14.01, written notice thereof will forthwith be given to the other and all further obligations of the Parties under this Agreement will terminate without further action by any Party and without liability or other obligation of any Party to any other Party hereunder; except that no Party will be released from liability hereunder if this Agreement is terminated and the transactions abandoned because of any willful breach of this Agreement.

ARTICLE XV.

MISCELLANEOUS

Section 15.01. **Confidentiality**

Except as and to the extent required by applicable Law (including but not limited to the Pennsylvania Right-To-Know Act at 65 Pa § 67.101) or pursuant to an order of a court of

competent jurisdiction and as required hereunder to obtain any and all required Governmental Approvals, no Party hereto shall, directly or indirectly, disclose or use (and no Party shall permit its representatives to disclose or use) any Confidential Information with respect to any other Party furnished, or to be furnished, by such other Party hereto or its shareholders, directors, officers, agents, or representatives to the other Party hereto or its employees, directors, officers, agents or representatives in connection herewith at any time or in any manner other than in connection with the completion of the transactions contemplated by this Agreement and related transactions.

Section 15.02. **Public Announcements** Subject to applicable Law or listing rules of an exchange on which Buyer's parent corporation's stock is listed, and except as otherwise set forth in this Agreement, the initial public announcement relating to the transactions contemplated herein will be mutually agreed upon and jointly made by the Parties. Subsequent public announcements by one Party are subject to review and approval by the other Parties before issuance, such approval not to be unreasonably withheld, conditioned or delayed.

Section 15.03. **Notices**

The Parties shall make all notices, other communications and approvals required or permitted by this Agreement in writing, stating specifically that they are being given pursuant to this Agreement and shall be addressed as follows:

in the case of the Seller:

Attention:

City of Beaver Falls
715 15th Street
Beaver Falls, PA 15010
Attention: City Manager

with a copy to:

Solicitor of Beaver Falls
Santicola, Steele & Fedeles, P.C.
722 Turnpike St.
Beaver, PA 15009
Attn: Shannon Steele

in the case of the Buyer:

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Marc A. Lucca, President
malucca@aquaaamerica.com

With a copy to:

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Frances P. Orth, Vice President and Senior Managing Counsel
fpoth@aquaamerica.com

or such other persons or addresses as a Party may from time to time designate by notice to the other Party. A notice, other communication or approval is deemed to have been sent and received (i) on the day it is delivered, or if such day is not a Business Day or if the notice is received after ordinary office hours (time of place of receipt), the notice, other communication or approval is deemed to have been sent and received on the next Business Day, or (ii) on the fourth Business Day after mailing if sent by United States registered or certified mail.

Section 15.04. Headings

The article, section and paragraph headings in this Agreement are for reference purposes only and have no affect the meaning or interpretation of this Agreement.

Section 15.05. Severability

If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement remain in full force and effect and in no way be affected, impaired or invalidated.

Section 15.06. Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. There are no representations, warranties, conditions or other agreements, whether direct or collateral, or express or implied, that form part of or affect this Agreement, or that induced any Party to enter into this Agreement or on which reliance is placed by any Party, except as specifically set forth in this Agreement. The Parties acknowledge and agree that (i) each has substantial business experience and is fully acquainted with the provisions of this Agreement, (ii) the provisions and language of this Agreement have been fully negotiated and (iii) no provision of this Agreement shall be construed in favor of any Party or against any Party because of such provision of this Agreement having been drafted on behalf of one Party rather than the other Party.

Section 15.07. Amendments; Waivers

This Agreement may be amended, changed or supplemented only by a written agreement signed by the Parties. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement will be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement will

operate as a waiver of such right. No single or partial exercise of any such right precludes any other or further exercise of such right or the exercise of any other right.

Section 15.08. Parties in Interest; Third Party Beneficiary

Except as provided in this Agreement, this Agreement is not intended to and shall not be construed to create upon any Person other than the Parties any rights or remedies hereunder.

Section 15.09. Successors and Assigns

Neither Party to this Agreement may assign any right or delegate any performance under this Agreement without the prior written consent of the other Party, and any purported assignment or purported delegation without prior written consent is void. This Agreement is binding upon, and inures to the benefit of, the Parties and their respective permitted successors and assigns.

Section 15.10. Governing Law; Jurisdiction

The laws of the Commonwealth of Pennsylvania (without giving effect to its conflicts of law principles) govern all matters arising and relating to this Agreement, including torts. The Parties irrevocably agree and consent to the jurisdiction of the United States District Court for the Western District of Pennsylvania and the Court of Common Pleas of Beaver County, Pennsylvania, for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated in court shall be filed and litigated (including all discovery proceedings) exclusively in the United States District Court for the Western District of Pennsylvania and the Court of Common Pleas of Beaver County, Pennsylvania, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth in this Agreement shall be effective service of process for any suit, action or other proceeding brought in any such court. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 15.11. Specific Performance

The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties is entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 15.12. Counterparts; Electronic Mail; Facsimile Execution

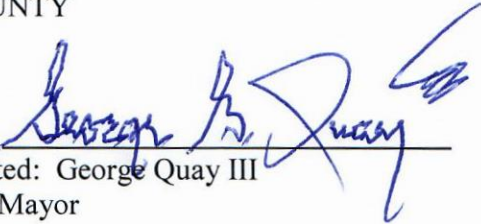
This Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same agreement. This Agreement will be effective when it has been executed by each Party and delivered to both Parties. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to the other Party by electronic mail or facsimile transmission. Such Party is deemed to have executed and delivered this Agreement on the date it sent such electronic mail or facsimile transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Agreement executed by such Party.

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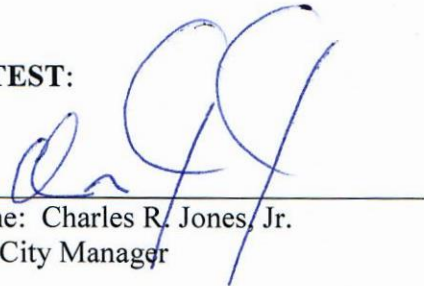
SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed, or caused to be executed by their duly authorized Representatives, this Agreement as of the Effective Date.

CITY OF BEAVER FALLS, BEAVER COUNTY

By: 
Printed: George Quay III
Its: Mayor

ATTEST:

By: 
Name: Charles R. Jones, Jr.
Its: City Manager

AQUA PENNSYLVANIA WASTEWATER, INC.

By: _____
Printed: _____
Its: _____

ATTEST:

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the Parties hereto have executed, or caused to be executed by their duly authorized Representatives, this Agreement as of the Effective Date.

CITY OF BEAVER FALLS, BEAVER COUNTY

AQUA PENNSYLVANIA WASTEWATER, INC.

By: _____
Printed: George Quay III
Its: Mayor

By: Marc A. Lucca
Printed: MARC A. LUCCA
Its: PRESIDENT

ATTEST:

ATTEST:

By: _____
Name: Charles R. Jones, Jr.
Its: City Manager

By: Lana Moran
Name: LANA MORAN
Its: EXECUTIVE ASSISTANT

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

15. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
 - b. A list of appraisals of utility property performed by the UVE
 - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
 - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response:

- a. Please see Mr. D'Ascendis' Curriculum Vitae attached as Appendix C to the ScottMadden Valuation Report.
- b. Please see Mr. Dylan D'Ascendis' response to a., above.
- c. Please see Mr. Dylan D'Ascendis' response to a., above.
- d. In the past two years, Mr. D'Ascendis submitted testimony in the below dockets. Links to the dockets where Mr. D'Ascendis testified are below:
 - i. Borough of Shenandoah – A-2022-3034143
<https://www.puc.pa.gov/docket/A-2022-3034143>
 - ii. City of York – A-2021-3024681
<https://www.puc.pa.gov/search/document-search/?DocketNumber=A-2021-3024681>

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

15. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
 - b. A list of appraisals of utility property performed by the UVE
 - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
 - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response:

- a. Please see Mr. Walker's Curriculum Vitae attached as Appendix A to Mr. Walker's direct testimony, included as Exhibit Z to the Application (Aqua Statement No. 6). Starred items in Mr. Walker's Curriculum Vitae represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker's response to a. above.
- c. Please see Mr. Walker's response to a. above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
 - i. Borough of Royersford – A-2020-3019634
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2020-3019634
 - ii. Valley Township – A-2020-3019859
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2020-3019859
 - iii. Valley Township – A-2020-3020178
<https://www.puc.pa.gov/docket/A-2020-3020178>
 - iv. Upper Pottsgrove Township – A-2020-3021460
<https://www.puc.pa.gov/docket/A-2020-3021460>
 - v. Lower Makefield Township – A-2021-3024267
<https://www.puc.pa.gov/docket/A-2021-3024267>

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS**

Section 1329 Application Standard Data Requests

- vi. East Whiteland Township – A-2021-3026132
<https://www.puc.pa.gov/docket/A-2021-3026132>
- vii. Willistown Township – A-2021-3027268
<https://www.puc.pa.gov/docket/A-2021-3027268>
- viii. Borough of Shenandoah – A-20223034143
<https://www.puc.pa.gov/docket/A-2022-3034143>

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Please see pages 5 and 6 of the ScottMadden Valuation Report. Detailed information supporting the discount rate can be found in Appendix H of the ScottMadden Valuation Report.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Please see the direct testimony of Harold Walker III, included as Exhibit Z to the Application (Aqua Statement No. 6) at p. 19-22, Exhibit R to the Application (Gannett Appraisal), and CONFIDENTIAL Gannett electronic workpapers.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: ScottMadden used an original cost new (“OCN”) method to calculate the trended original cost (“TOC”) of the assets. The TOC was arrived at by using the Handy-Whitman Index which results in a current reproduction value. Please see the ScottMadden Valuation Report at pages 4 through 5 for an explanation of this methodology and why this method was chosen. The TOC study can be found in Schedule 1 of the ScottMadden Valuation Report.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: Gannett Fleming used the original cost new (“OCN”) to calculate the trended original cost (“TOC”) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. Gannett Fleming converted reproduction cost new to replacement cost new (“RCN”) after factoring in obsolescence. It used the TOC method because the mandated use of the Engineering Assessment’s original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the direct testimony of Harold Walker III, included as Exhibit Z to the Application (Aqua Statement No. 6) at p. 17-18 for an explanation of why this method was chosen.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Please see Appendix F to the ScottMadden Valuation Report for the source documents supporting the purchase price and number of customers used in ScottMadden's Market Approach

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Please see pages 9 to 76 of Exhibit 22 (workpapers) from Exhibit R to the Application (Gannett Appraisal) for the source for the purchase price and number of customers for each comparable acquisition used in the Gannett Appraisal.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

19. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
 - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
 - c. Provide copies of any written correspondence exchanged between the UVEs

Response: No.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Appraisals

19. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
 - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
 - c. Provide copies of any written correspondence exchanged between the UVEs

Response: No. The Buyer's and Seller's UVE did not correspond with regard to their respective fair market value appraisals of the assets at issue in this case.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Miscellaneous

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and,
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response:

- a.- d. Please see the Direct Testimony of Mark J. Bubel, Sr., Application Exhibit V (Aqua Statement No. 2) page 11-13. The Township did not have any sanitary sewer overflows ("SSOs") in the system in 2020 or 2021.
- e. Please see responses from utility valuation experts.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Miscellaneous

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:

e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response:

All prospective capital improvements from 2020-2050 were included in Mr. D'Ascendis' valuation appraisal, which would include any capital expenditures associated with any compliance issues pending with the PA Department of Environmental Protection.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Miscellaneous

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: Gannett Fleming's appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment's inventory.

**AQUA PENNSYLVANIA WASTEWATER, INC.
CITY OF BEAVER FALLS
Section 1329 Application Standard Data Requests**

Miscellaneous

21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: Please see the responses to SDR-20. The DEP holds primacy regulatory authority in Pennsylvania.