

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania Wastewater, Inc. (hereinafter referred to as “Aqua” or “Applicant”) pursuant to Sections 1102 and 1329 of the Public Utility Code for: : **Docket No. A-2022-3033138**
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(1) approval of the acquisition by Aqua of the wastewater system assets of the City of Beaver Falls (“Beaver Falls” or “City”) situated within the City of Beaver Falls Eastvale Borough, and West Mayfield Borough, Beaver County, Pennsylvania; :
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(2) approval of the right of Aqua to begin to offer, render, furnish and supply wastewater service to the public in the City of Beaver Falls, Beaver County, Pennsylvania; and :
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(3) an order approving the acquisition that includes the ratemaking rate base of the City of Beaver Falls wastewater system assets pursuant to Section 1329(c)(2) of the Public Utility Code. :
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Request for Approval of Contracts, between Aqua and the City of Beaver Falls, Pursuant to Section 507 of the Public Utility Code :
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AMENDED APPLICATION

To the Pennsylvania Public Utility Commission ("Commission"):

I. BACKGROUND

1. The name and address of Applicant are:

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

2. The name, address and contact information for Applicant's counsel are:

Michael W. Hassell, Esq. (ID # 34851)
Garrett P. Lent, Esq. (ID # 321566)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101
Phone: 717-731-1970
E-mail: mhassell@postschell.com
E-mail: glent@postschell.com

3. Pursuant to Sections 1102 and 1329 of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 1102 and 1329, Applicant hereby requests that the Commission: (1) approve Aqua's acquisition of the wastewater system assets ("**Acquired Assets**") of the City of Beaver Falls ("Beaver Falls" or "the City"); (2) approve the right of Aqua to begin providing wastewater service in the requested territory, as shown as the area outlined in red on the map attached hereto as **Exhibit A** (the "**Requested Territory**");¹ and (3) include, in its Order approving the acquisition, the ratemaking rate base of the Assets as determined under Section 1329(c)(2) of the Public Utility Code, 66 Pa.C.S. § 1329(c)(2). As discussed in Section XII *infra*, Aqua also requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507 of the Public Utility Code, 66 Pa.C.S. § 507, for certain municipal contracts that Aqua has included in the Application, including new service agreements that Aqua will enter into with Big Beaver Borough, West Mayfield Borough, White Township, North Sewickley Township, Eastvale Borough, Patterson Township, and Patterson Heights Borough ("Contributing Municipalities") prior to Closing and which will replace any prior agreements.

4. The map of the Requested Territory includes a north arrow depicting map orientation, a graphic scale, the municipal boundaries of Beaver Falls and identification and depiction of all private and public roads relative to the Requested Territory. A bearing and angle description of the Requested

¹ A CONFIDENTIAL facilities map is included with the Asset Inventory as addressed *infra*.

Territory is included on Exhibit A. The Requested Territory is approximately 2.3 square miles (1,468.8 acres).

5. Aqua and Beaver Falls have reached an agreement regarding the acquisition of the Acquired Assets, as evidenced by the *Asset Purchase Agreement*, dated as of October 20, 2021, and attached hereto as **Exhibit B** (the "**Agreement**"). Applicant respectfully requests that the Commission issue an *Order* and *Certificates of Public Convenience* approving and addressing the items requested in this Application.

6. An **Application Filing Checklist** identifying topics addressed and the section, paragraph and page number where they can be found is included with this Application as Appendix 1.

II. AFFECTED ENTITIES

7. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua is engaged in the wastewater service business and furnishes wastewater service to approximately 60,000 customer accounts, as reflected in documents already on file with the Commission. Aqua's existing service territories cover various Counties throughout Pennsylvania with wastewater operations in nearby Venango County and water operations under Aqua Pennsylvania, Inc. ("Aqua PA") in nearby Lawrence County.

8. Beaver Falls is a duly organized and validly existing city under a Home Rule Charter. The City owns the sanitary wastewater collection and treatment system which provides sanitary wastewater service to approximately 3,190 customers in the City, and provides transmission and treatment service for the seven (7) Contributing Municipalities.

9. Applicant incorporates into this Application other information on file with the Commission that establishes the fact that Aqua is qualified to provide adequate public wastewater service. Aqua will supplement this Application with all additional information the Commission may

require. Balance Sheet and Income Statement reports from Aqua's financial system for calendar year 2021 are attached hereto as **Exhibit C**.

III. PLANT-IN-SERVICE

10. Aqua will acquire Beaver Falls' wastewater collection and treatment system assets as defined in the Agreement, i.e., the Acquired Assets. All of the Acquired Assets are located in the City except for the Eastvale Pump Station which is located in Eastvale Borough, the force main that connects the Eastvale Pump Station to the City collection system, and a meter located in West Mayfield Borough.

11. An Engineer's Assessment of Wastewater System Assets, prepared by Gannett Fleming, Inc. ("Asset Inventory"), is attached hereto as **Exhibit D**. The facilities map included with the Asset Inventory as Appendix B thereto is considered CONFIDENTIAL.

12. The Asset Inventory explains that the Beaver Falls' collection and treatment system has one wastewater treatment plant, approximately 36 miles of gravity sewer collection mains, in sizes ranging from 8 inches to 24 inches in diameter, and the system has approximately 1,400 lineal feet ("LF") of 8 inch force mains. The Asset Inventory also details the one City owned pump station.

13. A list of non-depreciable property is presented in Appendix A of the Asset Inventory. The Beaver Falls System has no plant held for future use and none is included in the Asset Inventory.

14. All component facilities are installed. The approximate time of installation of component facilities is addressed in Appendix A of the Asset Inventory and in Mr. Bubel's testimony (Application **Exhibit V**, Aqua Statement No. 2).

15. Wastewater treatment is provided by the City at its Wastewater Treatment Plant ("WWTP") located in Beaver Falls, Beaver County. The Chapter 94 Report to the Department of Environmental Protection ("DEP") of Beaver Falls for the Beaver Falls WWTP, which includes

Chapter 94 Report questionnaires for the Contributing Municipalities, is attached hereto as **Exhibit E**. The Beaver Falls WWTP has a permitted capacity of 4.8 million gallons per day (“MGD”) with elevation (“EL”) between EL 722 and 738.

16. Beaver Falls accepts wastewater flow into its collection system from the Contributing Municipalities, which is treated at the Beaver Falls WWTP. Flow is conveyed from the Contributing Municipalities through gravity sewers, force mains, and pump stations owned by the Contributing Municipalities. Once flow enters the City from Big Beaver Borough, West Mayfield, White Township, Patterson Township and Patterson Heights Borough, it is conveyed by gravity to the WWTP. Flow coming from Eastvale Borough and North Sewickley Township is conveyed to the Eastvale Pump Station and pumped into the City. The Eastvale Pump Station has design capacity of 610 gallons per minute (“gpm”). The arrangement for conveyance and treatment of flow from the Contributing Municipalities is discussed below in paragraph 25 and Sections XII and XIII.

17. Elevation of the Beaver Falls collection system and the service area varies:

EL 885 to EL 1150 along the western boundary.

EL 720 to EL 985 along the southern boundary.

EL 755 to EL 850 along the northern boundary.

EL 720 to EL 820 along the eastern boundary.

18. Water service in the Requested Territory is provided by the Beaver Falls Municipal Authority (“BFMA”).

19. The original cost, by year and major plant category, of Beaver Falls’ used and useful plant in service is \$12,898,487 with a related calculated depreciation reserve of \$7,866,277.

20. Tentative journal entries to record the transaction are presented in Section IV.

IV. ASSET PURCHASE AGREEMENT

21. The Asset Purchase Agreement is dated October 20, 2021. The purchase price is Forty-One Million Two Hundred and Fifty Thousand Dollars (\$41,250,000.00).

22. The purchase price is based on arm's length negotiations. Aqua and the City are not affiliated with each other.

23. Aqua will use short term debt initially for the purchase of the Acquired Assets with the expectation that the short-term debt will be converted to long-term debt and equity capital at a later date.

24. The wastewater system Acquired Assets to be transferred are the "Acquired Assets" and have the meaning specified in Section 2.01 of the Agreement. The Acquired Assets include the assets, properties and rights of the City used in the system and all treatment facilities, pipes, pumping stations, generators, manholes and pipelines and billing and collections related assets necessary to run the system.

25. Acquired Assets at the time of the Application filing also include the four contracts identified on Schedule 4.15 of the Agreement to which City is a party (the "Assigned Contracts"). The Assigned Contracts are attached hereto as **Exhibit F1**, **Exhibit F2**, **Exhibit F3**, and **Exhibit F4**, respectively:²

F1 – Agreement, dated April 28, 1977, between the City of Beaver Falls and Township of Patterson.

F2 – Cooperation Agreement, dated May 1, 1983, between the Borough of Eastvale and the City of Beaver Falls.

F3 – Agreement, dated November 1998, between the Big Beaver Municipal Authority and the City of Beaver Falls.³

² As noted below, Exhibits F3 and F4 are missing certain pages and/or exhibits. The Company and Beaver Falls have sought to obtain the missing items from the parties to the contracts through Right to Know Law ("RTKL") requests. Should the documents/information requested via RTKL be located and become available, Aqua will supplement the Application and record accordingly.

³ Missing Signature Pages for Big Beaver Municipal Authority and City of Beaver Falls, and Exhibit A.

F4 – Agreement, dated January 9, 2003, between North Sewickley Township Sewer Authority and the City of Beaver Falls.⁴

While these agreements are listed as part of the Acquired Assets, the Company is submitting with this Application new Wastewater Service Agreements which the Company has negotiated with each of the Contributing Municipalities which will terminate and replace all prior agreements for the conveyance and treatment of wastewater (“New Wastewater Service Agreements”). The New Wastewater Service Agreements are meant to standardize wastewater conveyance and treatment service to each of the Contributing Municipalities, including the Contributing Municipalities which do not have a conveyance and treatment agreement that could be located.⁵ The Company requested any agreements regarding conveyance and treatment under the RTKL to Patterson Heights Borough, West Mayfield Borough, and White Township and those responses are attached as **Exhibit F6**, **Exhibit F7**, and **Exhibit F8**. The New Wastewater Service Agreements are included in this Application as **Exhibit F9**, **Exhibit F10**, **Exhibit F11**, **Exhibit F12**, **Exhibit F13**, **Exhibit F14**, and **Exhibit F15**. The City has disclosed an April 8, 2014 Capital Lease Agreement, which is attached as **Exhibit F5**. The City notes that it included the document for the sake of disclosure, but has not been able to identify the counterparty entity and makes no representation as to the validity of that agreement. Moreover, the New Wastewater Service Agreements cancel all prior agreements concerning wastewater service between the parties, and, therefore, the Capital Lease Agreement will terminate if it was a valid agreement. Additionally, included as **Exhibit F16** is an agreement between Aqua and the City for certain charitable contributions. The Company is also submitting a pro-forma meter reading agreement between Aqua and BFMA for the provision of water meter read data for billing

⁴ Missing Exhibits A and B.

⁵ The Company could not locate any conveyance and treatment agreements for Patterson Heights Borough, West Mayfield Borough, and White Township.

purposes post-closing. The meter read agreement is included in this Application as **Exhibit F17**. Finally, the Company is submitting a settlement agreement (“Settlement”) by and between Aqua, the City, Patterson Township, Patterson Heights Borough, West Mayfield Borough, and White Township, included as **Exhibit F18**. Further details regarding the Settlement are provided in Section XIII, *infra*.

26. Acquired Assets also include all Authorizations and Permits of or held by Beaver Falls (to the extent transferrable to Aqua under applicable Law), including all Authorizations and Permits which are environmental permits, other operating permits and those items listed or described on Schedule 4.14 of the Agreement.

27. “Excluded Assets,” which are those assets not being transferred to Aqua, has the meaning specified in Section 2.02 of the Agreement. Excluded Assets include Stormwater System Assets, contracts that are not Assigned Contracts, cash and cash equivalents and the assets, insurance policies, Beaver Falls’ Plans, properties and rights set forth in Schedule 2.02(h) of the Agreement.

28. “Assumed Liabilities” has the meaning specified in Section 2.04(a) of the Agreement and include all liabilities and obligations arising out of or relating to Aqua’s ownership or operation of the wastewater system and the Acquired Assets on or after Closing.

29. The tentative journal entries to record the transfer in Aqua’s accounts are:

	Debit	Credit
Utility Plant Purchased	\$41,250,000	
Cash/Short Term Debt		\$41,250,000

V. CUSTOMERS

30. Beaver Falls provides wastewater service to approximately 3,197 customers, which includes 2,879 residential, 276 commercial, 7 industrial, 17 public, 7 Contributing Municipalities, and 1 bulk pumping and hauling customer.

31. Wastewater flow billed for Beaver Falls customers within the City was approximately 162,435,115 gallons for 2021.⁶ Wastewater flow billed to the Contributing Municipalities was 177,925,000 gallons.⁷

32. City projects growth of 183 Equivalent Dwelling Units (“EDUs”) over the next five years.

VI. RATES

33. After Closing, Aqua will implement Beaver Falls’ sanitary wastewater rates in effect at closing as reflected on **Revised Exhibit G**. The Contributing Municipalities will be charged in accordance with the New Wastewater Service Agreements after closing. The City presently bills on a quarterly and monthly basis. Aqua will continue to bill Beaver Falls customers on a quarterly basis and monthly basis. A schedule of rates tariff page implementing monthly and quarterly rates for City customers post-closing is attached hereto as **Revised Exhibit G**.

34. As presented in **Revised** Schedule 7.04 of the Agreement, Beaver Falls bills customers inside the City of Beaver Falls a quarterly base fee of \$43.64 (\$14.54 monthly) which includes an allowance of 3,000 gallons and a consumption charge of \$8.71 per 1,000 gallons based on water usage. Pursuant to the Settlement, the rate to the Contributing Municipalities at Closing will be \$3.66 per 1,000 gallons based on water usage. Dalton Service Company, LLC is billed \$4.68 per 1,000 gallons based on water usage. A copy of the City’s currently effective Rate Ordinance is attached hereto as **Exhibit H**.

35. Upon Commission approval of this Application and completion of the proposed transaction, Aqua will begin to provide wastewater service in its name to the customers in the

⁶ Billed flow is based on water usage.

⁷ Billed flow is based on water usage.

Requested Territory. It will implement its *Rules and Regulations* to govern the provision of wastewater service in the Requested Territory, as those *Rules and Regulations* are in effect from time to time for Aqua.

36. Copies of the notices that will be sent to customers of Aqua and to customers of Beaver Falls describing the filing and the anticipated effect on rates are attached hereto as **Revised Exhibit I1, Revised Exhibit I2, and Revised Exhibit I3**.

VII. COST OF SERVICE

37. Copies of Beaver Falls’ Annual Financial Report for 2020 and 2021 are attached hereto as **Exhibit J1** and **Exhibit J2**. For the year ended December 31, 2021, the City had approximately \$6,899,152 of long-term debt, and the details of long-term debt obligations are described in Note 9 in Exhibit J2. This debt is the long-term debt of the City, and there are no outstanding loans on the utility plant.

38. Copies of Beaver Falls’ Adopted Annual Budgets for 2022 and 2023 are attached hereto as **Exhibit J3** and **Exhibit J4**.

39. A copy of Beaver Falls’ most recent annual report filed with the Department of Community and Economic Development is attached hereto as **Exhibit K**.

40. Aqua projects annual revenue of \$2,534,808 from the City’s customers based on City’s current rate schedule, calculated as follows:

<i>Address Type</i>	<i>Service</i>	<i>Billed Dollars</i>	<i>Quarterly Minimum Fee Up to 3 Kgal</i>	<i>Rate per Kgal</i>	<i>Customers</i>	<i>EDUs</i>	<i>Total Usage</i>
Domestic	Wastewater	\$1,153,108	\$43.64	\$8.71	2,879	3,078	109,238,000
Domestic/Residential Total		\$1,153,108			2,879	3,078	109,238,000
Commercial	Wastewater	\$402,719	\$43.64	\$8.71	276	376	44,017,000

Commercial Total		\$402,719			276	376	44,017,000
Industrial	Wastewater	\$24,077	\$43.64	\$8.71	7	7	2,708,000
Industrial Total		\$24,077			7	7	2,708,000
Public	Wastewater	\$42,215	\$43.64	\$8.71	17	17	4,710,000
Public Total		\$42,215			17	17	4,710,000
Bulk	Wastewater	\$832,689		\$4.68	7	3,767	177,925,000
Bulk Total		\$832,689			7	3,767	177,925,000
Bulk Other	Wastewater	\$80,000		\$4.68	1	1	1,762,115
Bulk Total		\$80,000			1	1	1,762,115
Total Service Revenue		\$2,534,808			3,187	7,246	340,360,115

41. Aqua estimates annual operating and maintenance expenses of \$1,462,000 based on Beaver Falls' operating expenses presented in the 2021 financial statements, adjusted by the Company.

VIII. PROOF OF COMPLIANCE

42. Aqua will operate and manage the Beaver Falls wastewater system as a standalone collection system, but within Aqua's footprint, from its Western Division Office in Sharon, Pennsylvania with operations and management support from Aqua's Southeastern Division Office in Bryn Mawr, Pennsylvania. The system is approximately 32 miles from the Company's Western Division Office. Mr. Joseph Durish will be the assigned Certified Wastewater Operator for the system. Mr. Durish's currently effective Wastewater Operator's License is attached hereto as **Exhibit L**.

43. The Water Quality Management ("WQM") Permit for the Beaver Falls WWTP issued in 1996 is attached as **Exhibit M1**. Other WQM permits related to the WWTP and the System are included

in **Exhibit M1**, in reverse chronological order. The WQM permit for the Eastvale Pump Station is attached as **Exhibit M2**. The National Pollution Discharge Elimination System (“NPDES”) Permit for the Beaver Falls WWTP is attached hereto as **Exhibit N1**. Copies of Discharge Monitoring Reports (“DMR”) for the Beaver Falls WWTP from 2017 through November 2022, are attached hereto as **Exhibit N2**.

44. Notices of Violation (“NOVs”) issued to Beaver Falls are attached hereto as **Exhibit O1**. Beaver Falls’ response to the NOVs is also included in Exhibit O1. Beaver Falls entered into a Consent Assessment of Civil Penalty (“CACP”) with DEP on September 26, 2019 in relation to violations of effluent limitations between December 2016 and June 2019. The CACP is attached hereto as **Exhibit O2**. Beaver Falls and the Contributing Municipalities have entered into Corrective Action Plans submitted to DEP and attached hereto as **Exhibit O3** (Beaver Falls), **Exhibit O4** (Big Beaver Municipal Authority), **Exhibit O5** (North Sewickley), **Exhibit O6** (Patterson), and **Exhibit O7** (White), respectively. Eastvale Borough, Patterson Heights Borough, and West Mayfield Borough have not submitted CAPs to DEP. Beaver Falls employed Gannett Fleming, Inc. (“Gannett”) to perform a limited hazardous materials assessment at the WWTP in 2021, and Gannett reported through a technical memo that there were suspected asbestos containing materials at the WWTP. Gannett then performed a Phase I Environmental Site Assessment of the WWTP in July 2021. Beaver Falls informed the bidders that it would be engaging professionals to safely remove the material as of July 19, 2021. Attached hereto as **Exhibit O11** is the Gannett Technical Memorandum, the Phase I Environmental Site Assessment, and Beaver Falls’ memo to bidders. As stated in Schedule 4.12 to the APA (*see* Application **Exhibit B**) the City removed asbestos in 2021.

45. Aqua is a Class A utility. It is in good standing with DEP and in general compliance with DEP with regard to the provision of wastewater service.

46. The service area comprising the Requested Territory is consistent with Beaver Falls' sewage planning and in compliance with DEP approved Act 537 Plans. A copy of Beaver Falls' Act 537 Plan documents is attached hereto as **Exhibit P1**.

47. The web address for the Beaver Falls Comprehensive Plan is: <https://beaverfallspa.org/wp-content/uploads/2022/03/Beaver-Falls-Comprehensive-Plan-2013.pdf>. The web address for the Beaver County Comprehensive Plan is: https://www.beavercountypa.gov/Depts/Planning/Documents/BC_ComprehensivePlan_May2010.pdf. Aqua is not requesting service territory beyond the existing plant footprint.

48. Aqua has wastewater operations in Venango County and Aqua PA has water operations in Lawrence County. The acquisition will easily fold into Aqua's existing wastewater operations. A listing of Aqua's nearby territory and facilities is as follows:

Aqua Facilities	Location	Distance from City
Emlenton System	Emlenton, PA	42 miles
Western Division Office	Sharon, PA	32 miles
Mahoning Township System	Hillsville, PA	19 miles

49. Aqua is not anticipating any physical, operational or managerial changes at its Southeastern Office as a result of the acquisition. Aqua also does not anticipate any physical, operation, or managerial changes at its Western Division Office. Aqua will be offering employment to seven (7) operational staff from Beaver Falls to address the day-to-day operations of Beaver Falls.

50. Planned capital improvements are addressed in Mr. Bubel's testimony (Application **Exhibit V**, Aqua Statement No.2).

IX. AFFECTED PERSONS

51. No corporation or entity, except Beaver Falls, is now furnishing or has corporate or franchise rights to furnish wastewater service in the Requested Territory, and no competitive condition

will be created by approval of this Application. Water and wastewater service providers abutting or within one mile of the Requested Territory are as follows:

- i. Within neighboring Big Beaver Borough, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Bradys Run Sanitary Authority and private septic systems.
- ii. Within neighboring West Mayfield Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by West Mayfield Municipal Authority and private septic systems.
- iii. Within neighboring Chippewa Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Bradys Run Sanitary Authority and private septic systems.
- iv. Within neighboring White Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by White Township Municipal Authority and private septic systems.
- v. Within neighboring Patterson Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Patterson Township Municipal Authority and private septic systems.
- vi. Within neighboring Patterson Heights Borough, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Patterson Township Municipal Authority and private septic systems.
- vii. Within neighboring Fallston Borough, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- viii. Within neighboring New Brighton Borough, water service is provided by Beaver Falls Municipal Authority. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- ix. Within neighboring Pulaski Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- x. Within neighboring Daugherty Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- xi. Within neighboring Eastvale Borough, water service is provided by Beaver Falls Municipal Authority. Wastewater service is provided by Eastvale Borough.

- xii. Within neighboring North Sewickley Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater Service is provided by North Sewickley Township Sewer Authority and private septic systems.

X. REASONS SUPPORTING THIS APPLICATION

52. Approval of this Application is necessary or proper for the service, accommodation, convenience or safety of the public. As summarized below and discussed further in the testimonies of Mr. Packer, Mr. Bubel, and Mr. Martin which as identified in Section XI below, are attached hereto as **Exhibit U** and **Supplemental Exhibit U**, **Exhibit V**, and **Exhibit W** and **Supplemental Exhibit W**:

a. Aqua has the technical, regulatory, financial and legal fitness to operate the Acquired Assets of Beaver Falls, and to maintain the operations and make improvements to meet continuing and future customer needs.⁸ The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua;

b. Beaver Falls has agreed to sell its assets. The public interest and need will be served by allowing Aqua, in lieu of Beaver Falls, to provide wastewater service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The Beaver Falls system will benefit from the support of wastewater professionals throughout Aqua's organization;

c. The acquisition is consistent with the Commission's long-standing policy supporting the consolidation/regionalization of water/wastewater systems. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale, and the resulting greater environmental/economic benefits. The Commission has previously stated that

⁸ As a certificated provider of utility service, Aqua's fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

“acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry.”⁹ The benefits of consolidation/regionalization, ultimately, inure to customers both existing and acquired;

d. Aqua provides utility service to approximately 60,000 wastewater customers and has years of experience operating wastewater treatment and collection systems in a safe, reliable and efficient manner. Aqua has the managerial, technical, and financial resources to improve the operations of the City;

e. In *McCloskey v. Pa. P.U.C.*, 195 A.3d 1055 (Pa. Cmwlth. 2018), *petition for allowance of appeal denied* No. 703 MAL 2018 (April 23, 2019), the Commonwealth Court held that Commission findings: (i) that Aqua, as the owner of numerous water and wastewater systems has sufficient operational expertise and ability to raise capital to support system operations; and (ii) that the Commission has a policy of consolidation/regionalization of wastewater system assets that allows for increased maintenance, upgrade and expansion of public sewer and water facilities, are substantial evidence, consistent with *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (Pa. 2007), to support a conclusion that there is a public benefit to a transaction;

f. The acquisition of the Beaver Falls Sewer system will increase Aqua’s customer base by approximately 5%. With a larger customer base, future infrastructure investments, Statewide, will be shared at a lower incremental cost per customer for all Aqua customers; and

g. The acquisition will not have any immediate impact on the rates of either existing customers of Aqua or City customers, except as through the Settlement and New

⁹ Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

Wastewater Service Agreements, if approved, with the Contributing Municipalities described in Section XIII, *infra*. As discussed in the testimony of Mr. Packer and presented in the Notice to customers, the increase in rate base may ultimately require an increase in revenue. The hypothetical impact on rates is outweighed by the recognized benefits of Aqua's ownership including its expertise and ability to raise capital; the furtherance of consolidation/regionalization of wastewater services; repairs and process improvements to ensure safe operation of the WWTP; adequate staffing at the WWTP; and the spreading of costs over a larger customer base. Perhaps more significantly, the acquisition furthers the objective of the General Assembly with the enactment of Section 1329. While *McCloskey* concludes that rate impact should be addressed, it recognizes that it is not dispositive in the Commission's determination of substantial affirmative benefits.

XI. ADDITIONAL INFORMATION REQUIRED BY SECTION 1329 OF THE PUBLIC UTILITY CODE AND THE PUBLIC UTILITY COMMISSION'S 1329 CHECKLIST

53. Aqua and Beaver Falls have agreed to use the process presented in Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329, to determine the fair market value of the Acquired Assets and the ratemaking rate base. Aqua's verified statement that it selected ScottMadden, Inc. ("ScottMadden") as its Utility Valuation Expert is attached hereto as **Exhibit BB1**. Beaver Falls' verified statement that it selected Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") as its Utility Valuation Expert is attached hereto as **Exhibit BB2**.

54. As required by Section 1329(d)(1)(i), copies of the Fair Market Value Appraisal Reports of ScottMadden, Utility Valuation Expert, and Gannett Fleming, Utility Valuation Expert, are attached hereto as **Exhibit Q** and **Exhibit R**, respectively. Confidential and Proprietary Work Paper

Files, in Excel Format, of ScottMadden and Gannett Fleming are provided with the Application, as explained in the cover letter thereto.

55. Applicant states that the purchase price of the Acquired Assets of the selling utility as agreed to by Aqua and Beaver Falls is \$41,250,000.

56. The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$41,250,000, being the lesser of the purchase price of \$41,250,000 negotiated by Aqua and Beaver Falls and the average of the fair market value appraisals which is \$42,245,674 – determined by \$40,199,348 presented in the appraisal of ScottMadden and \$44,292,000 presented in the appraisal of Gannett Fleming.

57. Aqua will incur transaction and closing costs of approximately \$714,980, which it will include in its rate base.

58. A schedule of rates tariff page implementing rates equal to the rates of Beaver Falls at the time of closing is attached hereto as **Revised Exhibit G**, as previously stated.

59. Applicant verifies that ScottMadden was selected by Aqua, the acquiring public utility, and that Gannett Fleming was selected by Beaver Falls, the selling municipality.

60. The Utility Valuation Experts were paid \$71,297.50 for the completed Fair Market Value Appraisal Reports. Documentation of the fees paid to ScottMadden and Gannett Fleming, including the valuation service agreements and all associated invoices, are attached hereto as **Exhibit S1** and **Exhibit S2**, respectively. Fees paid to the Utility Valuation Experts did not exceed 5% of the fair market value of the selling utility.

61. Statements of ScottMadden and of Gannett Fleming verifying that they have no affiliation with Aqua or Beaver Falls as specified in Section 1329; that their Appraisals determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional

Appraisal Practice as of the date of their report, employing the cost, market and income approaches; and that they applied applicable jurisdictional exceptions to their submitted Appraisal are attached hereto as **Exhibit T1** and **Exhibit T2**, respectively.

62. The testimony of William C. Packer, in support of this Application is attached hereto as **Exhibit U** and **Supplemental Exhibit U**.¹⁰ Mr. Packer's testimony explains that Aqua is not presenting a rate stabilization plan. Aqua is proposing to implement Beaver Falls' existing rates after Closing and to maintain those rates until the next Aqua rate proceeding following Closing of the transaction.

63. The testimony of Mark J. Bubel, Sr., in support of this Application is attached hereto as **Exhibit V**.

64. The testimony of Zach Martin, in support of this Application is attached hereto as **Exhibit W** and Supplemental **Exhibit W**. Mr. Martin's revised testimony includes additions to describe the current state of System operations, including operational and safety issues after further review.

65. The testimony of Charles R. Jones, Jr., City Manager, in support of the Application is attached hereto as **Exhibit X** and **Supplemental Exhibit X**. Mr. Jones' revised testimony includes additional information on the public benefits of the transaction.

66. The testimony of Dylan W. D'Ascendis in support of the ScottMadden Appraisal is attached hereto as **Exhibit Y**.

67. The testimony of Harold Walker, III, in support of the Gannett Fleming Appraisal is attached hereto as **Exhibit Z**.

¹⁰ Electronic workpapers of Appendix A to Aqua Statement No. 1 are being submitted to the Commission under CONFIDENTIAL cover.

68. Answers to the Section 1329 Application Standard Data Requests are attached hereto as **Exhibit AA.**

XII. SECTION 507 APPROVAL OF CONTRACTS

69. Section 507 of the Code, 66 Pa.C.S. § 507, provides that, except for contracts between a public utility and a municipal corporation to furnish service at tariff rates, no contract or agreement between a public utility and a municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date.

70. Aqua requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507, of the New Wastewater Service Agreements which are included in this Application. The New Wastewater Service Agreements are included as **Exhibit F9** through **Exhibit F15** to the Application. Aqua requests approval of the charitable contribution agreement between Aqua and the City included as **Exhibit F16** to the Application. Aqua also requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507, upon execution and filing of the pro-forma meter read agreement with the BFMA included as **Exhibit F17** to the Application. Further, as explained next, Aqua requests approval of the Settlement among Aqua, the City, Patterson Township, Patterson Heights Borough, West Mayfield Borough, and White Township included as **Exhibit F18.**

XIII. SETTLEMENT WITH CERTAIN CONTRIBUTING MUNICIPALITIES

71. As indicated previously, the City provides conveyance wastewater treatment services for seven Contributing Municipalities.

72. On or about September 22, 2022, the Contributing Municipalities of Patterson Township, Patterson Heights Borough, White Township and West Mayfield Borough (collectively, the “Plaintiff Municipalities”) filed suit against Aqua and the City. The suit alleged, *inter alia*, that the Plaintiff Municipalities are part owners of the City’s treatment facilities.

73. Aqua and the City answered the suit, and denied that the Plaintiff Municipalities were part owners of the City’s treatment facilities.

74. Aqua, the City and the Plaintiff Municipalities undertook negotiations, that resulted in the Settlement that is included herein as **Exhibit F18**. The Settlement provides, *inter alia*, that in exchange for certain payments by Aqua and the City to the Plaintiff Municipalities, the Plaintiff Municipalities agree to withdraw their suit, agree to withdraw their protests to this Application, and agree to enter into a wastewater service agreement, which was negotiated, entered into, and included in this Revised Application.

75. Aqua will not seek recovery from customers, either through inclusion in rate base or as an expense in future rate proceedings, of the payments made by Aqua or the City to the Plaintiff Municipalities through the Settlement.

XIV. OTHER APPROVALS, CERTIFICATES, REGISTRATIONS AND RELIEF, IF ANY

76. Aqua asks that the Commission issue such other approvals, certificates, registrations and relief, if any, that may be required with respect to Aqua’s acquisition of the Beaver Falls wastewater system assets.

XV. CONCLUSION

WHEREFORE, Aqua requests that the Public Utility Commission approve this Application, filed pursuant to Sections 1102, 1329, 507, and 508 of the Public Utility Code, and:

a. Issue *Certificates of Public Convenience* under §1102 of the Pennsylvania Public Utility Code:

(1) Authorizing Aqua to acquire, by purchase, the wastewater system assets of the City of Beaver Falls; and

(2) Authorizing Aqua to begin to offer, render, furnish and supply wastewater service to the public in the Requested Territory covered by this Application.

b. Authorize Aqua to file tariff revisions, effective upon one day's notice, to:

(1) Include within its territory all the Requested Territory covered by this Application;

(2) Adopt and apply the City of Beaver Falls' rates as set forth in this Application as Aqua's Base Rates within the Requested Territory; and

(3) Apply Aqua's *Rules and Regulations* within the Requested Territory.

c. Enter an *Order* approving this Application and Aqua's acquisition of the Acquired Assets and, as part of that *Order* include the ratemaking rate base of the City of Beaver Falls as \$41,250,000 pursuant to Section 1329(c)(2) of the Public Utility Code;

d. Approve Contracts, including the New Wastewater Service Agreements entered into by Aqua and the Contributing Municipalities, the charitable contribution agreement between Aqua and the City, the pro forma meter read agreement between Aqua

and the BFMA, and the Settlement Agreement entered into by Aqua, the City and the Plaintiff Municipalities pursuant to Section 507 of the Public Utility Code; and

e. Issue such other approvals, certificates, registrations and relief, if any, under the Public Utility Code that may be required with respect to Aqua's acquisition of the City of Beaver Falls wastewater system assets.

Respectfully submitted,

AQUA PENNSYLVANIA WASTEWATER, INC.

By Michael W. Hassell
Michael W. Hassell, Esq. (ID # 34851)
Garrett P. Lent, Esq. (ID # 321566)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101
Phone: 717-731-1970
E-mail: mhassell@postschell.com
E-mail: glent@postschell.com

Counsel for Aqua Pennsylvania Wastewater, Inc.

Date: March 28, 2024

EXHIBIT F9

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 19th day of December, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and the BOROUGH OF BIG BEAVER, a municipal corporation of the Commonwealth of Pennsylvania (the "Municipality"). Aqua and the Municipality are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the Acquired Collection System, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the "Municipality System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System including, without limitation, that certain Agreement by and between the Big Beaver Municipal Authority (the "Authority") and the City dated November 1998, as the same has been assigned to the Municipality by operation of law on the dissolution of the Authority (the "Existing Agreement"); and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System and the charge for such services; and

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP") and Municipality's ordinance applicable to the Municipality System as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Meter." A flow meter that Aqua installs at a Connection Point.

2.1.2. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.3. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.4. "Contributing Users." The Borough of Eastvale, City, Municipality, North Sewickley Township Sewer Authority, Township of Patterson, Borough of Patterson Heights, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.5. "Designated Person." A single person that the Municipality designates in writing to Aqua as being the point of contact at the Municipality regarding the Municipality System.

2.1.6. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.7. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.8. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.8.1. "Metered Flow." Any Flow through the Metered Point.

2.1.8.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided

to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.9. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.10. “Industrial Waste Survey.” As defined in Section 12.

2.1.11. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.12. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.13. “Metered Point.” The Wallace Run pump station; provided, however, if Aqua elects to install an Aqua Meter, “Metered Point” shall mean the Connection Point at which the Aqua Meter is located. If Aqua elects to install an Aqua Meter, Exhibit B shall be amended to evidence the Connection Point at which the Aqua Meter is installed.

2.1.14. “Municipality Meter.” The flow meter located at the Wallace Run pump station and any replacement of such flow meter that the Municipality installs.

2.1.15. “Notice Date.” The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.16. “Outside Users.” The Contributing Users excluding the City.

2.1.17. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.18. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.19. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.20. “PUC.” The Pennsylvania Public Utility Commission.

2.1.21. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s Ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. The presence of the Municipality Meter shall be deemed Aqua installing a flow meter in the Municipality System for purposes of this Section 7.1. During the period in which an Aqua Meter has not been installed, the Municipality shall communicate to Aqua flow calculations from the Municipality Meter for each quarter within thirty (30) days of the end of each quarter. If Aqua elects to install an Aqua Meter, after the installation of the Aqua Meter, Aqua shall communicate to the Municipality Flow calculations from the Aqua Meter for such quarter within thirty (30) days of the end of each quarter. All daily Flow calculations (whether by Aqua or the Municipality) from be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. The Municipality shall (a) maintain accurate Flow records for Metered Flow based on the Flow meter readings from the Municipality Meter; and (b) own, operate, maintain and replace, if necessary, the Municipality Meter and shall calibrate the Municipality Meter in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings. If Aqua installs an Aqua Meter, Aqua shall (x) maintain accurate Flow records for Metered Flow based on the Flow meter readings from the Aqua Meter; and (y) own, operate, maintain and replace, if necessary, the Aqua Meter and shall calibrate the Aqua Meter in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts (a) for an Aqua Meter (if Aqua elects to install an Aqua Meter) shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua’s cost, and (b) the Municipality Meter shall be tested, calibrated, maintained, and

repaired at least annually by the Municipality at the Municipality's cost. The party responsible for the testing and calibration of a meter (the "Testing Party") shall provide the other party (the "Non-testing Party") with the results of such testing and calibration upon request and no later than fourteen (14) business days from such request. If the Non-testing Party requests additional testing, calibration, maintenance and repair, such expenses associated therewith shall be at the cost of the Non-testing Party.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the party that does agree to the accuracy of a meter may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua or the Municipality, as applicable, shall notify the other for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration ("I&I"). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired

System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys' and consultants' fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. If Aqua elects to install an Aqua Meter, Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of the Aqua Meter, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device. The Municipality shall pay for all costs and expenses that the Municipality incurs related to the installation or maintenance of the Municipality Meter, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining such metering device.

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party's Facilities, all present and future Permits applicable to such Party's Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment ("Sampling Equipment") at any Connection Point or at the Wallace Run pump station or at such other location in the Municipality System on which Aqua and the Municipality may agree for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall provide the Municipality 15 days notice before the installation of any permanent sampling equipment at the Wallace Run pump station or within the Municipality's System. Aqua shall own and operate any Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality. Aqua and the Municipality will use best efforts to cooperate on obtaining samples from the Wallace Run pump station in the case of emergency or as may otherwise be reasonably requested by Aqua.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. Aqua shall provide notice via e-mail to the Designated Person prior to accessing the Municipality System in relations to the installation, accessing, operation or maintenance of any Aqua Meter that Aqua elects to install or any Sampling Equipment that Aqua elects to install

pursuant to Section 10, which access shall not be unreasonably withheld, hindered or delayed and the Municipality shall timely grant. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua's normal sampling and testing procedure, at the Municipality's sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua's request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a "Industrial Waste Survey"):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user's business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua's collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the "Rate"). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate, and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua

shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the “Improvement Completion Period”), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua’s directors, officers, employees, representatives and agents (collectively the “Aqua Indemnified Parties”) against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality's elected officials, directors, officers, employees, representatives and agents (collectively the "Municipality Indemnified Parties") against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to Sale of Acquired System. Effective as of the Execution Date, the Municipality (a) hereby consents to Aqua's purchase and acquisition of the Acquired System and related assets, (b) hereby waives any and all objections it has or may have in regard to the City's sale and Aqua's acquisition of the Acquired System and related assets, and (c) shall take any and all actions reasonably requested by Aqua and/or the City to effectuate the City's sale and Aqua's acquisition

of the Acquired System and related assets, including, without limitation, executing and delivering any consents or other documents or passing any ordinance or resolution. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19.

20. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

21. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

22. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

23. Miscellaneous.

23.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

23.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

23.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

23.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit

during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

23.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

23.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

23.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

23.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: Borough of Big Beaver
114 Forest Drive
Darlington, PA 16115
Attn: Mayor

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010

Attn: General Counsel

23.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

23.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

23.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

23.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

23.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a "Bulk Treatment Agreement") which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

23.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

**AQUA PENNSYLVANIA
WASTEWATER, INC.**

By: 

Name: Marc A. Lucca

Title: President

MUNICIPALITY:

BOROUGH OF BIG BEAVER

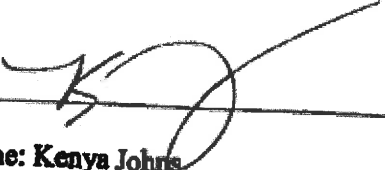
By: _____

Name: Michelle Joy

Title: President of Council

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Sections 19 and 23.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: 

Name: Kenya Johns

Title: Mayor

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

AQUA PENNSYLVANIA
WASTEWATER, INC.

BOROUGH OF BIG BEAVER

By: _____

By:  _____

Name: Marc A. Lucca

Name: Michelle Joy

Title: President

Title: President of Council

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Sections 19 and 23.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

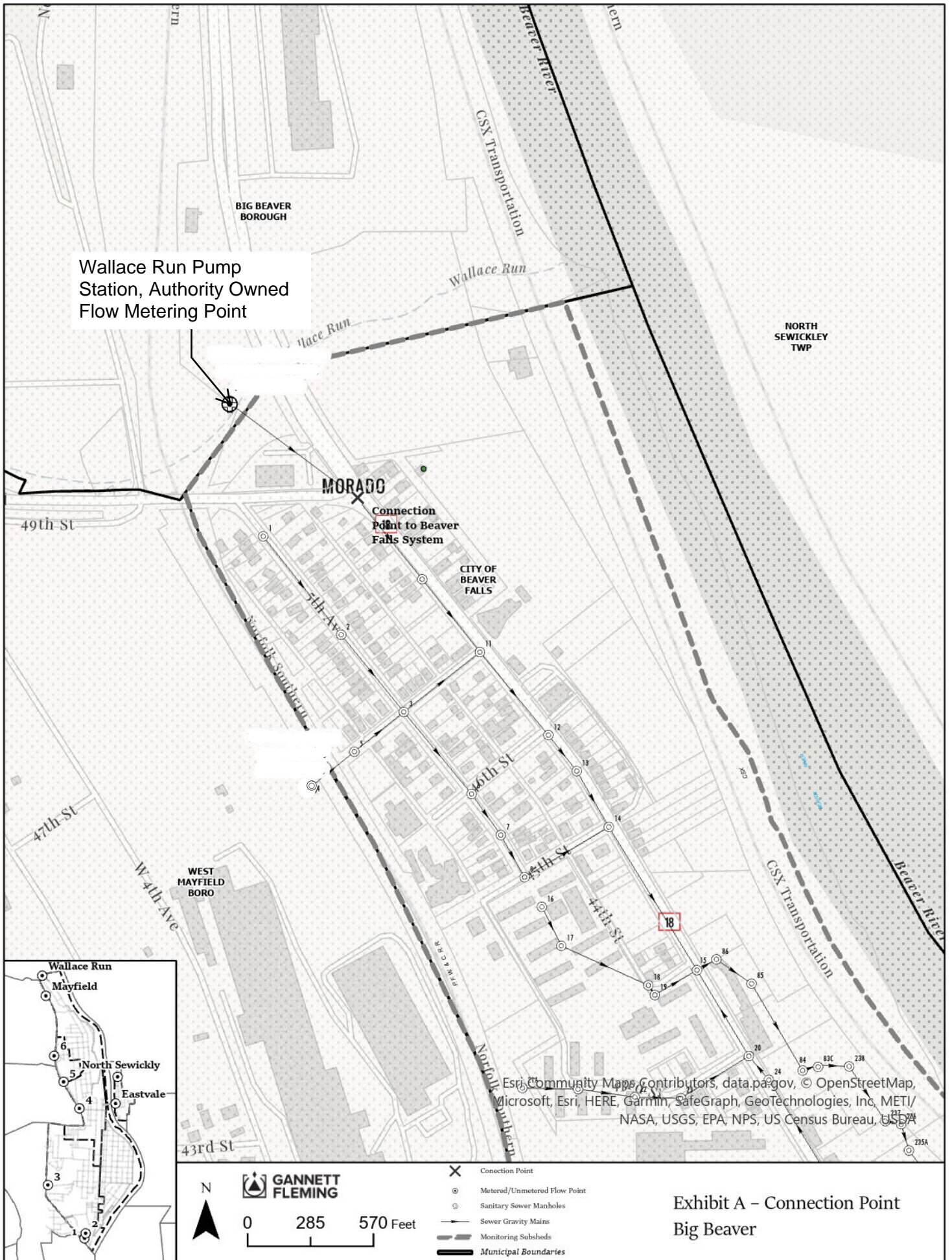
By: _____

Name: Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS

Attached



Wallace Run Pump Station, Authority Owned Flow Metering Point

NORTH SEWICKLEY TWP

MORADO

Connection Point to Beaver Falls System

CITY OF BEAVER FALLS

WEST MAYFIELD BORO

18

Exhibit A - Connection Point Big Beaver

EXHIBIT B
CONNECTION POINTS HAVING AQUA METER

None

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

None

EXHIBIT F10

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 4th day of December, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and the BOROUGH OF EASTVALE, a municipal corporation of the Commonwealth of Pennsylvania (the "Municipality"). Aqua and the Municipality are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the Acquired Collection System, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the "Municipality System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System including, without limitation, that certain Cooperation Agreement by and between the Municipality and the City dated May 1, 1983 (the "Existing Agreement"); and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System and the charge for such services; and

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP") and Municipality's ordinance applicable to the Municipality System as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.2. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.3. "Contributing Users." The Borough of Big Beaver, City, Municipality, North Sewickley Township Sewer Authority, Township of Patterson, Borough of Patterson Heights, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.4. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.5. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.6. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.6.1. "Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or a Third-Party System which have a flow metering device at the Connection Points and are identified on Exhibit B attached hereto.

2.1.6.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside

Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.7. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.8. “Industrial Waste Survey.” As defined in Section 12.

2.1.9. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.10. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.11. “Notice Date.” The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.12. “Outside Users.” The Contributing Users excluding the City.

2.1.13. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.14. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.15. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.16. “PUC.” The Pennsylvania Public Utility Commission.

2.1.17. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s Ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are

in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. Flow calculations for each quarter shall be communicated to the Municipality within thirty (30) days of the end of each quarter. Daily Flow calculations shall be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. Aqua shall maintain accurate Flow records for Metered Flow based on the Flow meter readings. Aqua shall own, operate, maintain and replace, if necessary, the Flow meters and shall calibrate the Flow meters in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost. The results of such testing and calibration shall be provided to the Municipality upon request and no later than fourteen (14) business days from such request. If the Municipality requests additional testing, calibration, maintenance and repair, such expenses associated shall be at the cost of the Municipality.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the Municipality may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua shall notify the Municipality for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation,

or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration (“I&I”). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys’ and consultants’ fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of any metering device (a) at any Connection Point, or (b) used to calculate the Flow emanating from the Municipality System to the Acquired System located elsewhere in the Acquired System, anywhere in the Municipality System or anywhere else, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device (“Metering Costs”).

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party’s Facilities, all present and future Permits applicable to such Party’s Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment (“Sampling Equipment”) at the Connection Points for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Municipality hereby grants Aqua an easement over any of its property and a license to access the Municipality System in order to install, access, operate or maintain (a) the Flow meters installed in the Municipality System, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Municipality shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua’s normal sampling and testing procedure, at the Municipality’s sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua’s request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a “Industrial Waste Survey”):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user’s business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua’s collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the “Rate”). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate,

and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the "Aqua Indemnified Parties") against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality's elected officials, directors, officers, employees, representatives and agents (collectively the "Municipality Indemnified Parties") against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this

Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to Sale of Acquired System. Effective as of the Execution Date, the Municipality (a) hereby consents to Aqua's purchase and acquisition of the Acquired System and related assets, (b) hereby waives any and all objections it has or may have in regard to the City's sale and Aqua's acquisition of the Acquired System and related assets, and (c) shall take any and all actions reasonably requested by Aqua and/or the City to effectuate the City's sale and Aqua's acquisition of the Acquired System and related assets, including, without limitation, executing and delivering any consents or other documents or passing any ordinance or resolution. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19.

20. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

21. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

22. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

23. Miscellaneous.

23.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

23.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

23.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

23.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

23.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

23.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

23.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

23.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: Borough of Eastvale
Eastvale Municipal Building
512 2nd Avenue Eastvale
Beaver Falls, PA 15010
Attn: Mayor

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

23.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

23.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

23.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

23.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

23.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and

disposal of wastewater by the Acquired System (a “Bulk Treatment Agreement”) which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

23.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

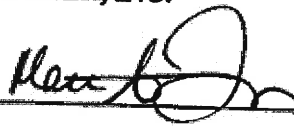
IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

**AQUA PENNSYLVANIA
WASTEWATER, INC.**

BOROUGH OF EASTVALE

By: 

By: _____

Name: **Mark A. Lucca**

Name: _____

Title: **President**

Title: _____

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Sections 19 and 23.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: 

Name: **Dr. Kenya Johns**

Title: **Mayor**

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

AQUA PENNSYLVANIA
WASTEWATER, INC.

BOROUGH OF EASTVALE

By: _____

By: Sam Cupac

Name: Mark A. Lucca

Name: Sam Cupac

Title: President

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Sections 19 and 23.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

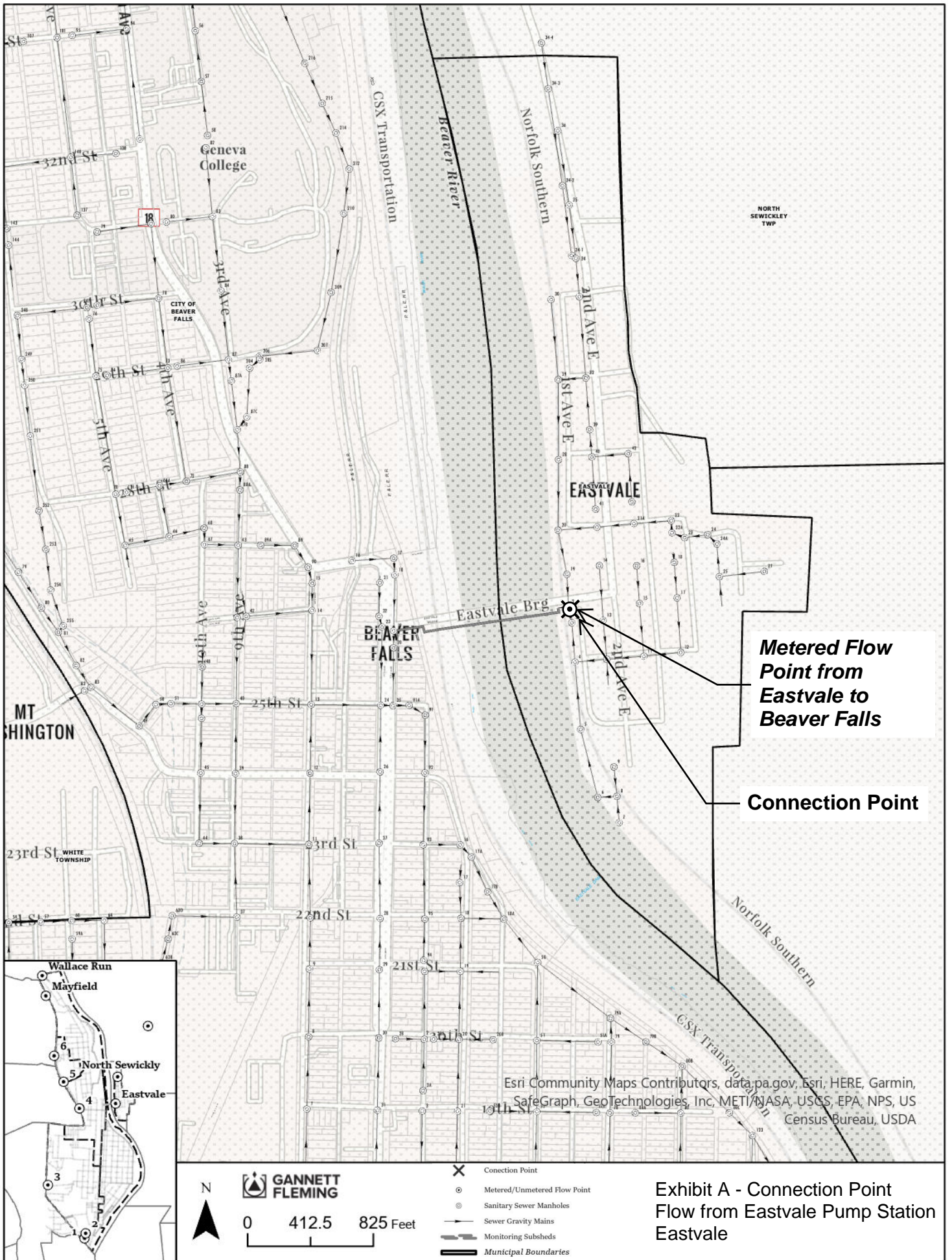
By: _____

Name: Dr. Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS

Attached



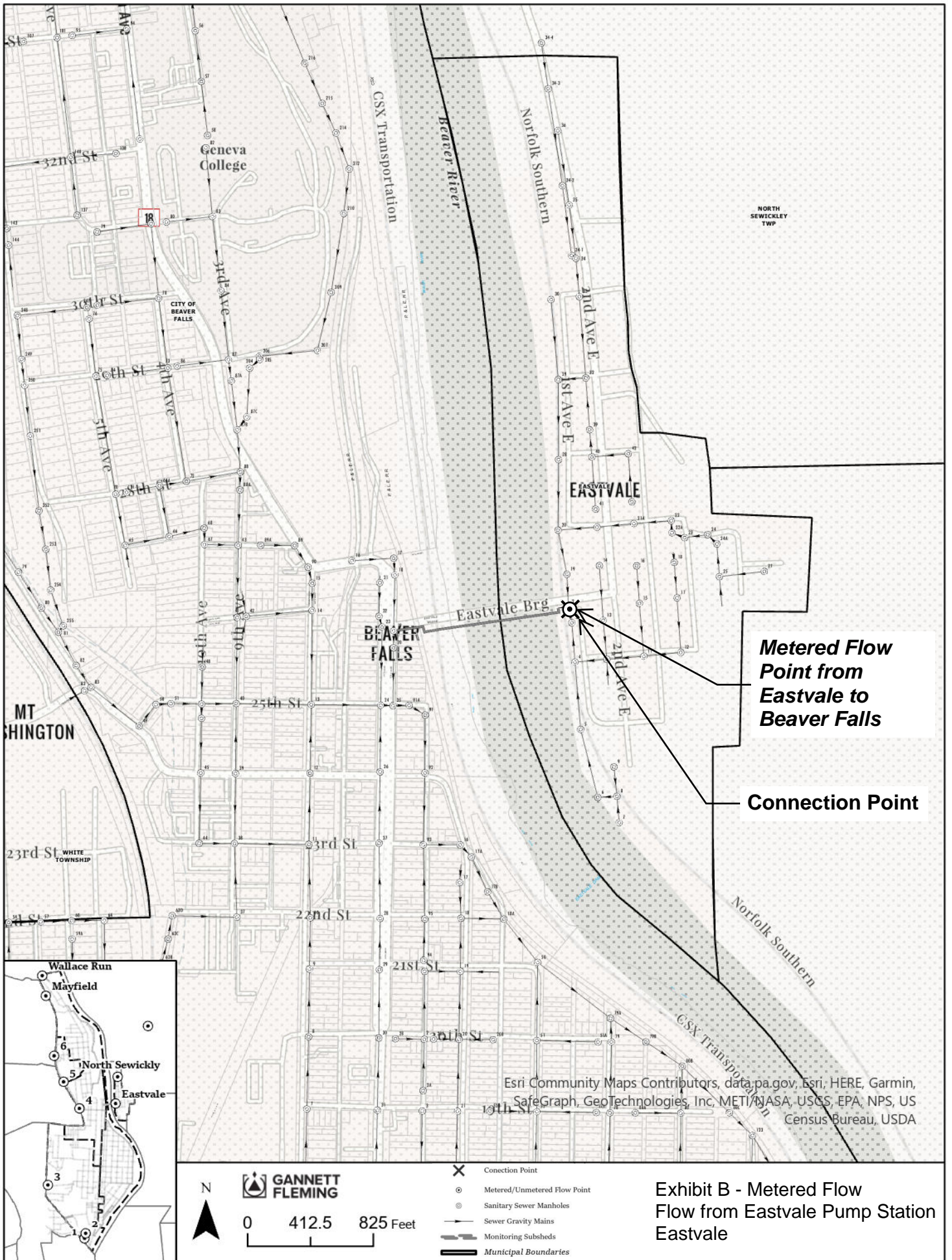
Metered Flow Point from Eastvale to Beaver Falls

Connection Point

Exhibit A - Connection Point Flow from Eastvale Pump Station Eastvale

EXHIBIT B
CONNECTION POINTS HAVING FLOW METERS

Attached



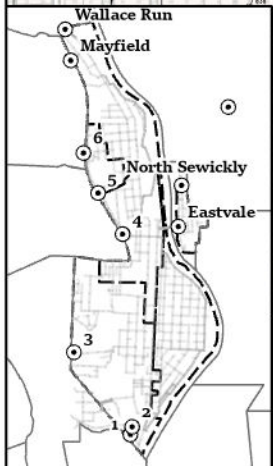
NORTH SEWICKLEY TWP

Metered Flow Point from Eastvale to Beaver Falls

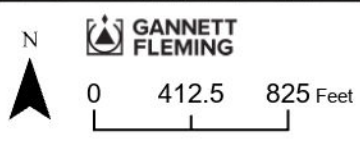
Connection Point

MT SHINGTON

23rd St WHITE TOWNSHIP



Esri Community Maps Contributors, data.pa.gov, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NOAA, USGS, EPA, NPS, US Census Bureau, USDA



- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit B - Metered Flow Flow from Eastvale Pump Station Eastvale

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

None

EXHIBIT F11

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 21st day of December, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and THE NORTH SEWICKLEY TOWNSHIP SEWER AUTHORITY, a municipal authority (the "Authority"). Aqua and the Authority are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the Acquired Collection System, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Authority owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from North Sewickley Township (the "Authority System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Authority System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the wastewater emanating from the Authority System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Authority desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the wastewater emanating from the Authority System by the Acquired System including, without limitation, that certain Agreement by and between the Authority and the City dated January 9, 2003 (the "Existing Agreement"); and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the wastewater emanating from the Authority System by the Acquired System and the charge for such services; and

WHEREAS, operation of the Authority sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP").

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. “Authority Meter.” The flow meter located at the Bennetts Run pump station and any replacement of such flow meter that the Authority installs.

2.1.2. “Aqua Meter.” A flow meter that Aqua installs at a Connection Point.

2.1.3. “Aqua Tariff.” Aqua’s tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.4. “Connection Points.” The locations at which the Authority System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.5. “Contributing Users.” The Authority, Borough of Big Beaver, Borough of Eastvale, City, Township of Patterson, Borough of Patterson Heights, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality’s or authority’s wastewater through the Acquired System.

2.1.6. “Effective Date.” The Effective Date as defined in Section 3.1.

2.1.7. “Facilities.” Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Authority, the components of the Authority System.

2.1.8. “Flow.” The quantity or volume of wastewater that emanates from the Authority System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.8.1. “Metered Flow.” Any Flow through the Metered Point.

2.1.8.2. “Un-Metered Flow.” Any Flow through interconnections of the Authority System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Authority System will be deducted from the bill to the Authority System. Un-Metered Flow originating from the Authority System flowing to the Acquired Collection System will be added to the bill of the Authority System. Un-Metered Flow between Outside Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow

interconnections occur, or existing connections are removed, to or from the Authority System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.9. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.10. “Industrial Waste Survey.” As defined in Section 12.

2.1.11. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.12. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.13. “Metered Point.” The Bennetts Run pump station; provided, however, if Aqua elects to install an Aqua Meter, “Metered Point” shall mean the Connection Point at which the Aqua Meter is located. If Aqua elects to install an Aqua Meter, Exhibit B shall be amended to evidence the Connection Point at which the Aqua Meter is installed.

2.1.14. “Notice Date.” The date that Aqua provides written notice to the Authority that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.15. “Outside Users.” The Contributing Users excluding the City.

2.1.16. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.17. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.18. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.19. “PUC.” The Pennsylvania Public Utility Commission.

2.1.20. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Authority System. The wastewater that emanates from the Authority System shall be delivered to the Acquired Treatment Plant from the Authority System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Authority covenants and agrees that all wastewater emanating from the Authority System to the Acquired System shall be in accordance and compliance with all requirements of the Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Authority System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Authority System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Authority System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Authority System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Authority System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. The presence of the Authority Meter shall be deemed Aqua installing a flow meter in the Authority System for purposes of this Section 7.1. During the period in which an Aqua Meter has not been installed, the Authority shall communicate to Aqua flow calculations from the Authority Meter for each quarter within thirty (30) days of the end of each quarter. If Aqua elects to install an Aqua Meter, after the installation of the Aqua Meter, Aqua shall communicate to the Authority Flow calculations from the Aqua Meter for such quarter within thirty (30) days of the end of each quarter. All daily Flow calculations (whether by Aqua or the Authority) from be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. The Authority shall (a) maintain accurate Flow records for Metered Flow based on the Flow meter readings from the Authority Meter; and (b) own, operate, maintain and replace, if necessary, the Authority Meter and shall calibrate the Authority Meter in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings. If Aqua installs an Aqua Meter, Aqua shall (x) maintain accurate Flow records for Metered Flow based on the Flow meter readings from the Aqua Meter; and (y) own, operate, maintain and replace, if necessary, the Aqua Meter and shall calibrate the Aqua Meter in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts (a) for an Aqua Meter (if Aqua elects to install an Aqua Meter) shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost, and (b) the Authority Meter shall be tested, calibrated, maintained, and repaired at least annually by the Authority at the Authority's cost. The party responsible for the testing and calibration of a meter (the "Testing Party") shall provide the other party (the "Non-testing Party") with the results of such testing and calibration upon request and no later than fourteen (14) business days from such request. If the Non-testing Party requests additional testing, calibration, maintenance and repair, such expenses associated therewith shall be at the cost of the Non-testing Party.

7.3.2. If the Authority and Aqua cannot agree as to the inaccuracy of any meter, the party that does agree to the accuracy of a meter may request that the meter be tested by an independent testing facility mutually agreed to by the Authority and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Authority and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if

such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua or the Authority, as applicable, shall notify the other for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration ("I&I"). The Authority shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Authority System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Authority System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Authority shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Authority does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Authority shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Authority System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Authority or DEP, and whereby external fines or penalties may result, the Authority shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys' and consultants' fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Authority, Aqua and the Authority shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. If Aqua elects to install an Aqua Meter, Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of the Aqua Meter, which shall include, without limitation, the cost of the metering device and any other equipment related

or ancillary to such metering device and labor incurred in installing and maintaining any metering device. The Authority shall pay for all costs and expenses that the Authority incurs related to the installation or maintenance of the Authority Meter, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining such metering device.

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party's Facilities, all present and future Permits applicable to such Party's Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment ("Sampling Equipment") at any Connection Point or at the Bennetts Run pump station or at such other location in the Authority System on which Aqua and the Authority may agree for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Authority for concurrent independent analysis by the Authority.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Authority hereby grants Aqua an easement over any of its property and a license to access the Authority System in order to install, access, operate or maintain (a) any Aqua Meter that Aqua elects to install, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Authority shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Authority may request Aqua to conduct a sampling of the wastewater outside of Aqua's normal sampling and testing procedure, at the Authority's sole expense and the Authority shall share the results of the sampling with Aqua upon Aqua's request and expense.

12. Industrial Waste Survey. The Authority shall maintain a current list of users of the Authority System that generate nondomestic waste or industrial waste in accordance with the following (a "Industrial Waste Survey"):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Authority System to the Acquired System, the nature of each user's business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Authority shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua's collection, conveyance, treatment and disposal of wastewater emanating from the Authority System, the Authority shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the "Rate"). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate, and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Authority quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Authority shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Authority shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Authority within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Authority in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Authority exceed the Peak Flow Limitation Amount, the Authority shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Authority shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Authority paying the subject penalty payment to Aqua, the Authority shall be permitted to use this money to address I&I within the Authority System. If the Authority elects to make improvements to the Authority System to address I&I, the Authority shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Authority intends to make improvements to the Authority System, which notice shall include what improvements the Authority intends to make to the Authority System, (b) complete such improvements to the Authority System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Authority elects to make improvements to the Authority System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Authority shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary

of the date on which Aqua commences billing the Authority solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Authority to make I&I repairs to the Authority System. Notwithstanding anything set forth in this section to the contrary, the Authority shall be permitted to transmit Flow of up to 450 gallons per minute from the Authority System to the Acquired System without penalty or surcharge by Aqua.

16. Authority System. During the Term, the Authority shall, at its sole cost and expense, maintain the Authority System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Authority System and any repair, maintenance, expansion or modification of all or any part of the Authority System shall be at the sole cost and expense of the Authority.

17. Indemnification

17.1. Indemnification by the Authority. The Authority shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the "Aqua Indemnified Parties") against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Authority in connection with the collection or conveyance of any wastewater emanating from the Authority System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Authority with respect to the Authority System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Authority System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Authority of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Authority is not immune under applicable Law, Aqua shall indemnify and defend the Authority, and the Authority's elected officials, directors, officers, employees, representatives and agents (collectively the "Authority Indemnified Parties") against, and shall hold the Authority Indemnified Parties harmless from and against, and shall pay and reimburse the Authority Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Authority Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Authority System except to the extent that any such injury, death or damage is caused by the Authority (including, without limitation, resulting from any breach of this Agreement by the Authority) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Authority for which the Authority could potentially seek indemnification from Aqua pursuant to the provision of this Section 17.2, the Authority shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Authority shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Authority), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to Sale of Acquired System. Effective as of the Execution Date, the Authority (a) hereby consents to Aqua's purchase and acquisition of the Acquired System and related assets, (b) hereby waives any and all objections it has or may have in regard to the City's sale and Aqua's acquisition of the Acquired System and related assets, and (c) shall take any and all actions reasonably requested by Aqua and/or the City to effectuate the City's sale and Aqua's acquisition of the Acquired System and related assets, including, without limitation, executing and delivering any consents or other documents or passing any ordinance or resolution. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19.

20. Consent to City Updating of City's Act 537 Plan. The Authority acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Authority shall review the update to the City's Act 537 Plan and provide comments to the City's updated Act 537 Plan (the "Updated Plan") and, if appropriate, shall pass a resolution approving the Updated Plan and urging the Township of North Sewickley to adopt the Updated Plan. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

21. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Authority; and, within six (6) months of the date of

such notice, the City or Aqua and the Authority shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

22. Planning Modules. For any changes within the Authority (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Authority will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Authority's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

23. Miscellaneous.

23.1. Inspection and Audit. Aqua and the Authority agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Authority shall make said records and accounts immediately available to federal and state authorities.

23.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

23.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

23.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

23.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

23.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring

construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

23.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

23.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Authority: The North Sewickley Township Sewer Authority
893 Mercer Road
Beaver Falls, PA 15010
Attn: Lisa Crespo, Operations Manager

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

23.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Authority with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

23.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

23.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

23.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

23.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a “Bulk Treatment Agreement”) which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Authority under this Agreement.

23.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

**AQUA PENNSYLVANIA
WASTEWATER, INC.**

By: 

Name: Marc A. Lucca

Title: President

MUNICIPALITY:

**THE NORTH SEWICKLEY
TOWNSHIP SEWER AUTHORITY**


By: _____

Name: _____

Title: _____

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Sections 19 and 23.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: 

Name: Kenya Johns

Title: Mayor

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

AQUA PENNSYLVANIA
WASTEWATER, INC.

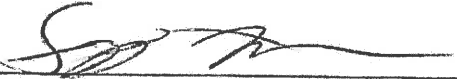
By: _____

Name: Marc A. Lucca

Title: President

MUNICIPALITY:

THE NORTH SEWICKLEY
TOWNSHIP SEWER AUTHORITY

By:  _____

Name: SCOTT MOLITOR

Title: Chairman

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Sections 19 and 23.9. No other terms or obligations within this Agreement apply to the City.

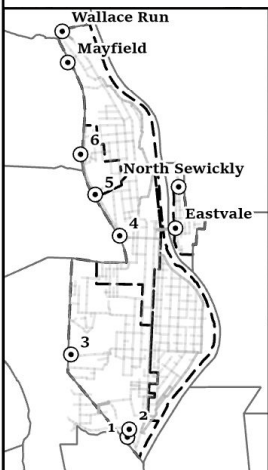
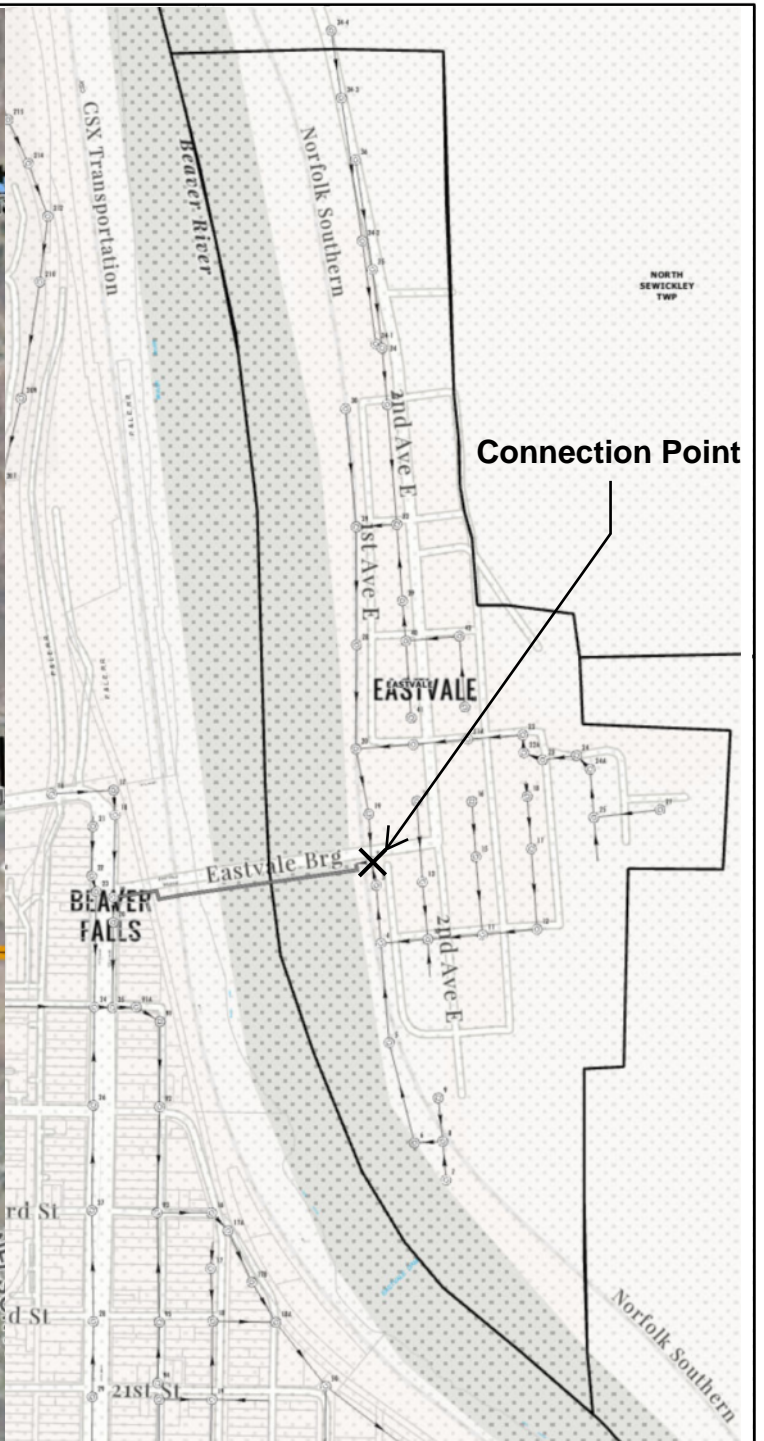
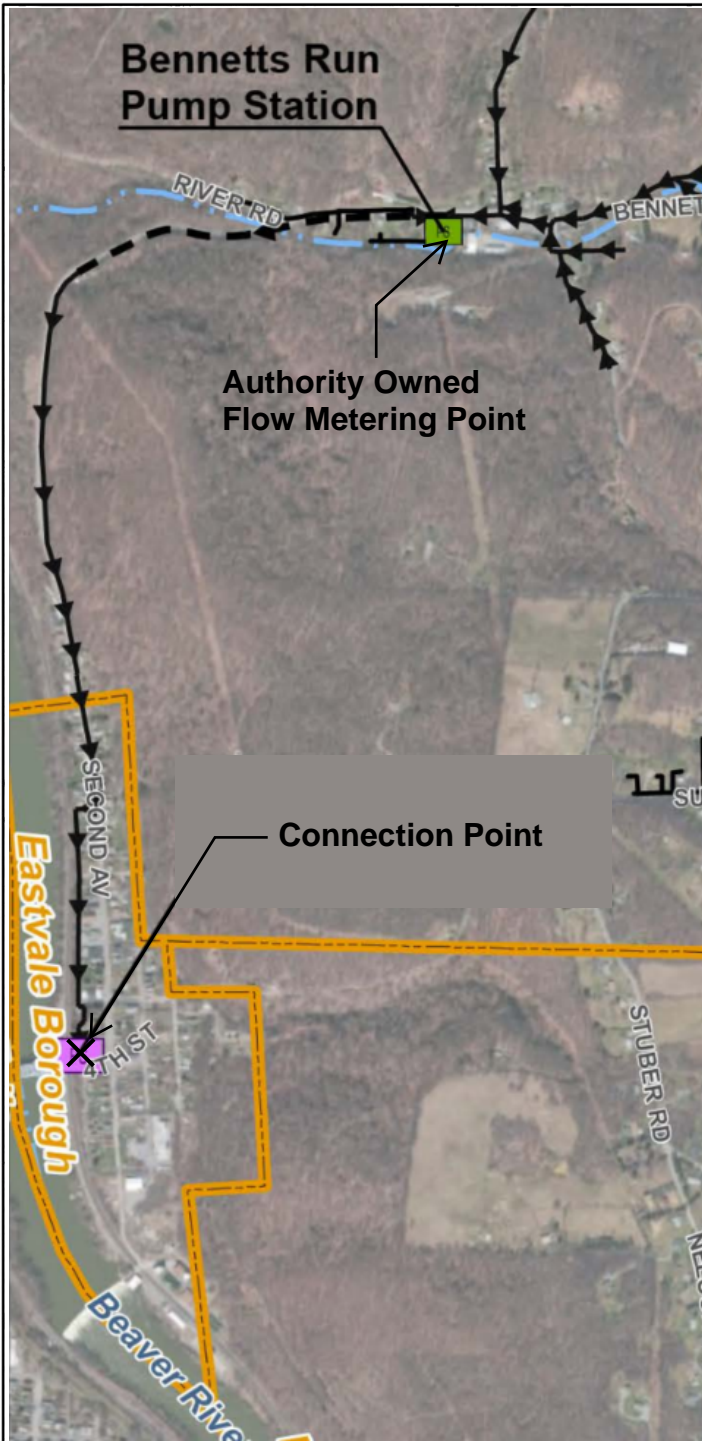
CITY OF BEAVER FALLS

By: _____

Name: Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS



GANNETT FLEMING

NOT TO SCALE

- X** Connection Point
- ⊙** Metered/Unmetered Flow Point
- ⊙** Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬** Monitoring Subsheds
- ▬** Municipal Boundaries

Exhibit A- Connection Point Flow from Bennetts Run PS, Connection at Eastvale PS North Sewickley

EXHIBIT B
CONNECTION POINTS HAVING AN AQUA METER

None

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

None

EXHIBIT F12

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 20th day of DECEMBER, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and the BOROUGH OF PATTERSON HEIGHTS, a municipal corporation of the Commonwealth of Pennsylvania (the "Municipality"). Aqua and the Municipality are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the Acquired Collection System, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the "Municipality System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System including, without limitation, that certain Agreement dated April 28, 1977 between the City and the Municipality (the "Existing Agreement"); and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System and the charge for such services.

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP") and Chapter 50 of the Code of the Municipality as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.2. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.3. "Contributing Users." The Borough of Big Beaver, Borough of Eastvale, City, North Sewickley Township Sewer Authority, Township of Patterson, Municipality, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.4. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.5. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.6. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.6.1. "Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or a Third-Party System which have a flow metering device at the Connection Points and are identified on Exhibit B attached hereto.

2.1.6.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and

deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.7. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.8. “Industrial Waste Survey.” As defined in Section 12.

2.1.9. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.10. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.11. “Notice Date.” The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.12. “Outside Users.” The Contributing Users excluding the City.

2.1.13. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.14. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.15. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.16. “PUC.” The Pennsylvania Public Utility Commission.

2.1.17. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. Flow calculations for each quarter shall be communicated to the Municipality within thirty (30) days of the end of each quarter. Daily Flow calculations shall be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. Aqua shall maintain accurate Flow records for Metered Flow based on the Flow meter readings. Aqua shall own, operate, maintain and replace, if necessary, the Flow meters and shall calibrate the Flow meters in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost. The results of such testing and calibration shall be provided to the Municipality upon request and no later than fourteen (14) business days from such request. If the Municipality requests additional testing, calibration, maintenance and repair, such expenses associated shall be at the cost of the Municipality.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the Municipality may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua shall notify the Municipality for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration (“I&I”). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys’ and consultants’ fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of any metering device (a) at any Connection Point, or (b) used to calculate the Flow emanating from the Municipality System to the Acquired System located elsewhere in the Acquired System, anywhere in the Municipality System or anywhere else, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device (“Metering Costs”).

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party’s Facilities, all present and future Permits applicable to such Party’s Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment (“Sampling Equipment”) at the Connection Points for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any

Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Municipality hereby grants Aqua an easement over any of its property and a license to access the Municipality System in order to install, access, operate or maintain (a) the Flow meters installed in the Municipality System, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Municipality shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua's normal sampling and testing procedure, at the Municipality's sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua's request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a "Industrial Waste Survey"):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user's business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua's collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the "Rate"). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate, and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the

“Aqua Indemnified Parties”) against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality’s elected officials, directors, officers, employees, representatives and agents (collectively the “Municipality Indemnified Parties”) against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

20. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

21. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

22. Miscellaneous.

22.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

22.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

22.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

22.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

22.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

22.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

22.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

22.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: Borough of Patterson Heights
600 7th Avenue
Beaver Falls, PA 15010
Attn: President

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.

762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

22.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

22.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

22.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

22.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

22.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a "Bulk Treatment Agreement") which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

22.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

**AQUA PENNSYLVANIA
WASTEWATER, INC.**

By: 

Name: Marc A. Lucca

Title: President

MUNICIPALITY:

BOROUGH OF PATTERSON HEIGHTS

By: _____

Name: William Starn

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: 

Name: Kenya Johns

Title: Mayor

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

AQUA PENNSYLVANIA
WASTEWATER, INC.

BOROUGH OF PATTERSON HEIGHTS

By: _____

By:  _____

Name: Marc A. Lucca

Name: William Starn

Title: President

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

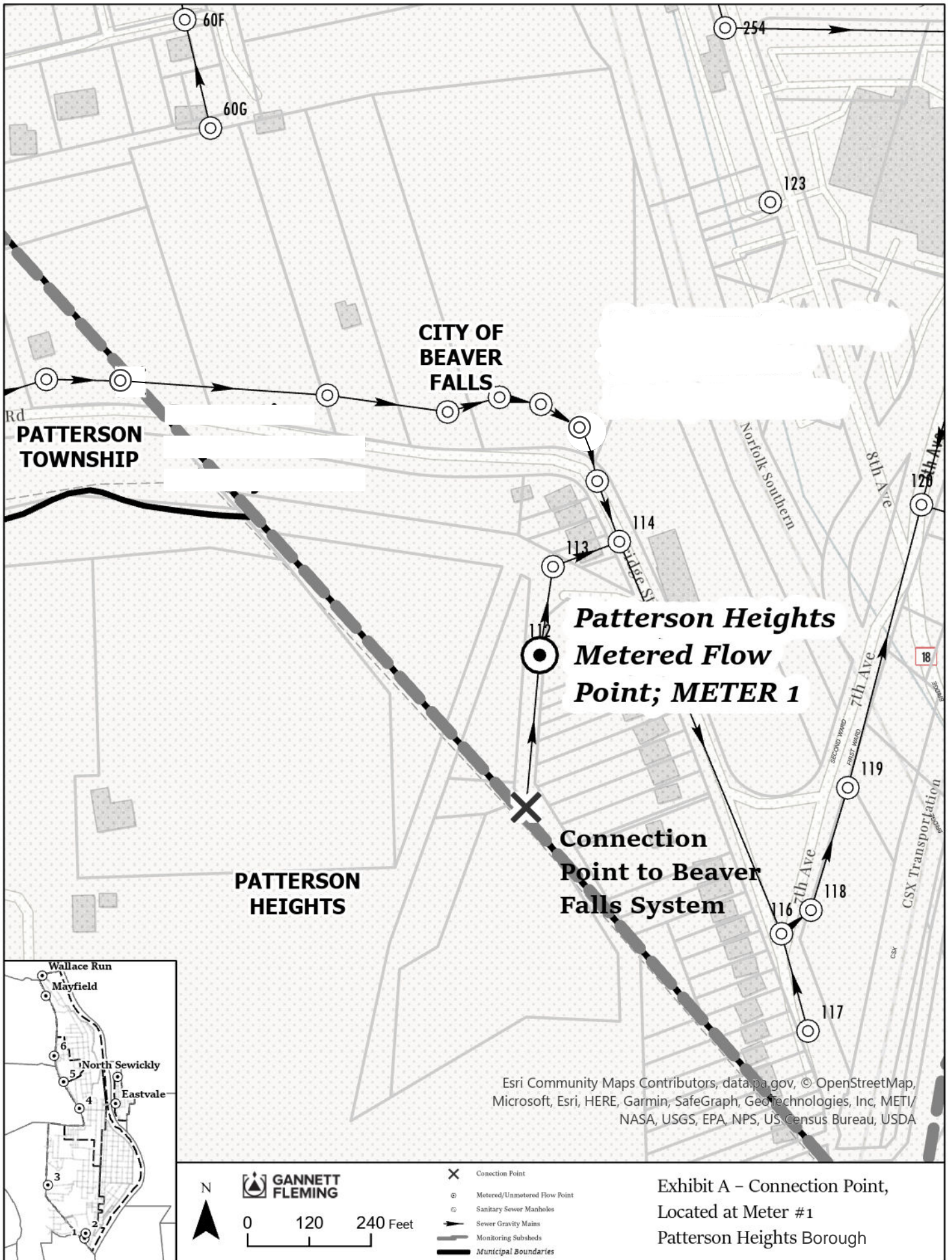
By: _____

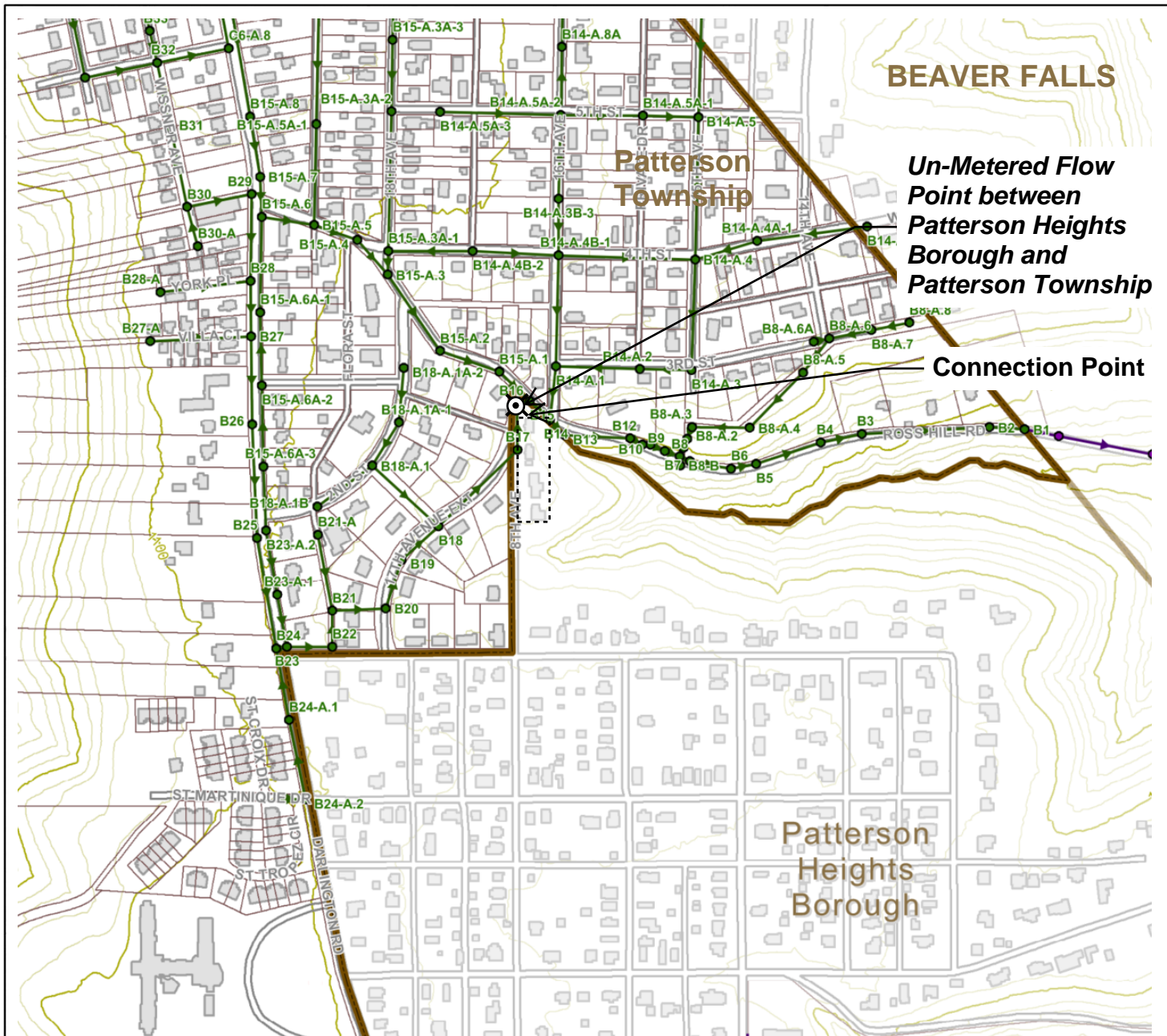
Name: Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS

Attached





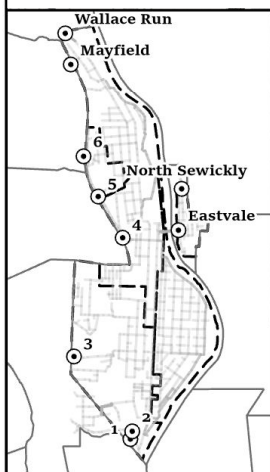
BEAVER FALLS

Patterson Township

Un-Metered Flow Point between Patterson Heights Borough and Patterson Township

Connection Point

Patterson Heights Borough

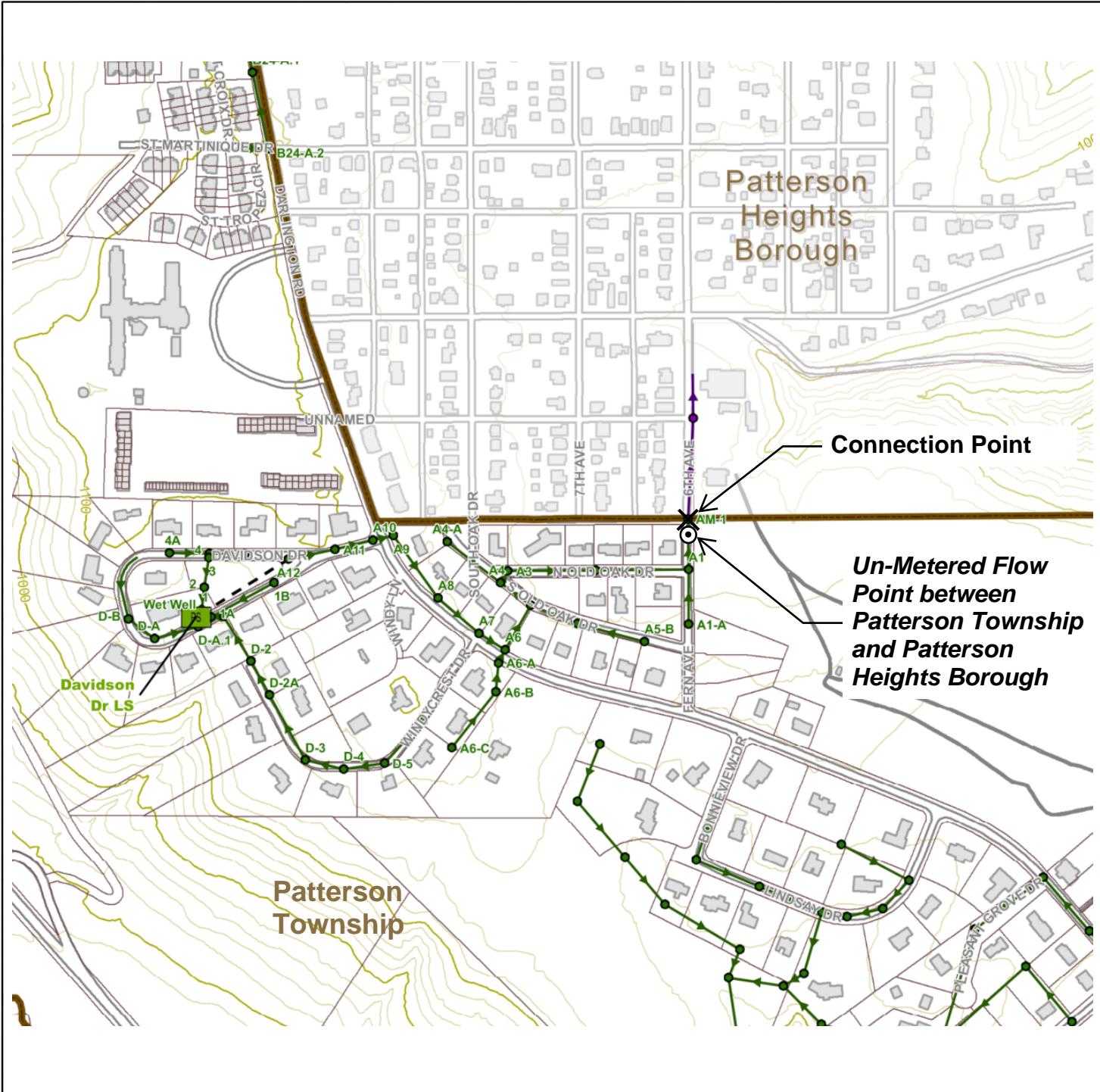


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- o Metered/Unmetered Flow Point
- o Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_1 - Connection Point Located 8th Avenue and Ross Hill Road Patterson Heights Borough



Patterson Heights Borough

Connection Point

Un-Metered Flow Point between Patterson Township and Patterson Heights Borough

Patterson Township

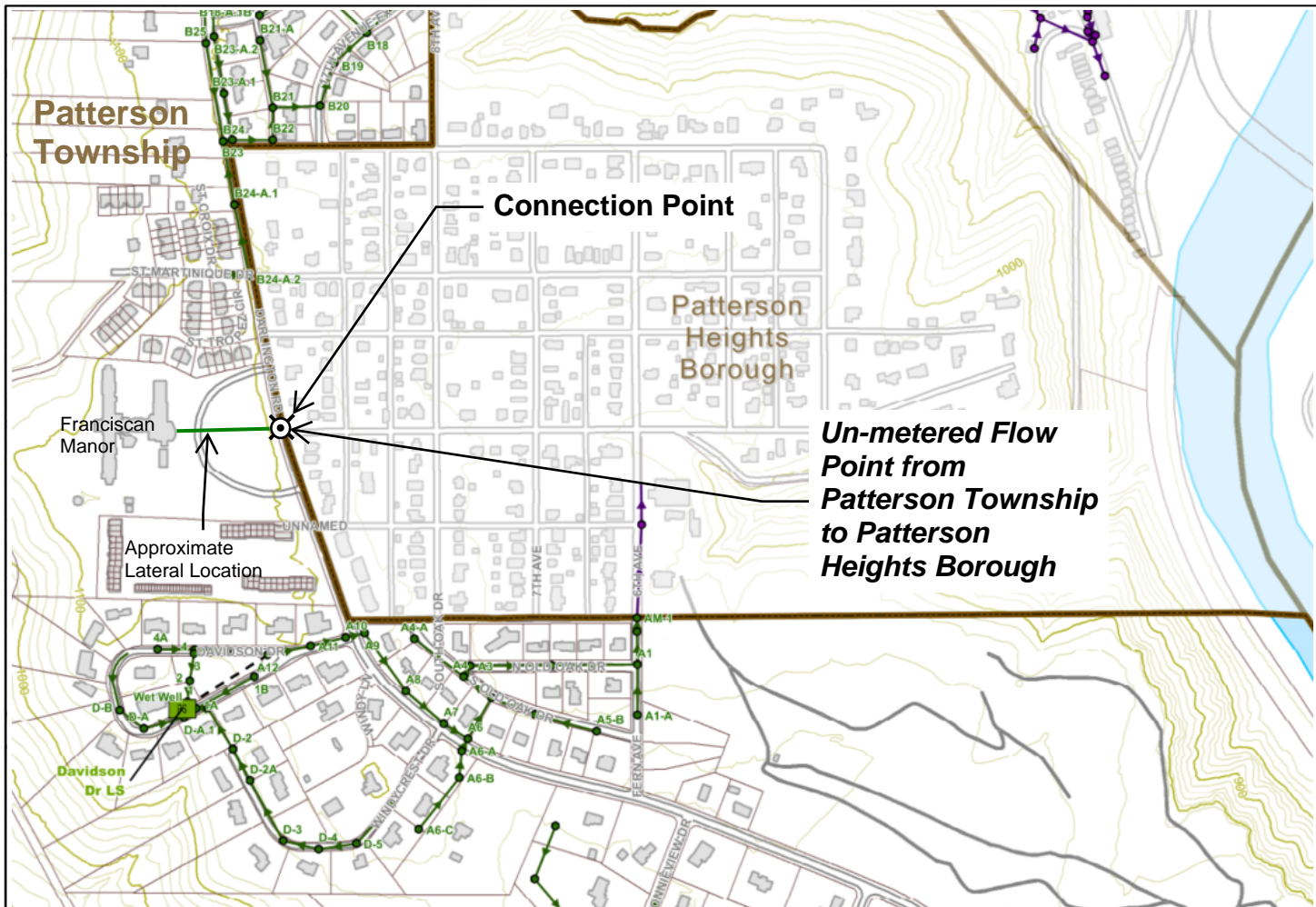
Davidson Dr LS



GANNETT FLEMING
NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_2 - Connection Point Located at 6th Ave/Fern Ave & Old Oak Drive North Patterson Heights Borough



Patterson Township

Connection Point

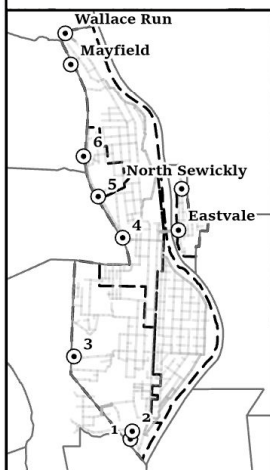
Patterson Heights Borough

Franciscan Manor

Approximate Lateral Location

Un-metered Flow Point from Patterson Township to Patterson Heights Borough

Davidson Dr LS

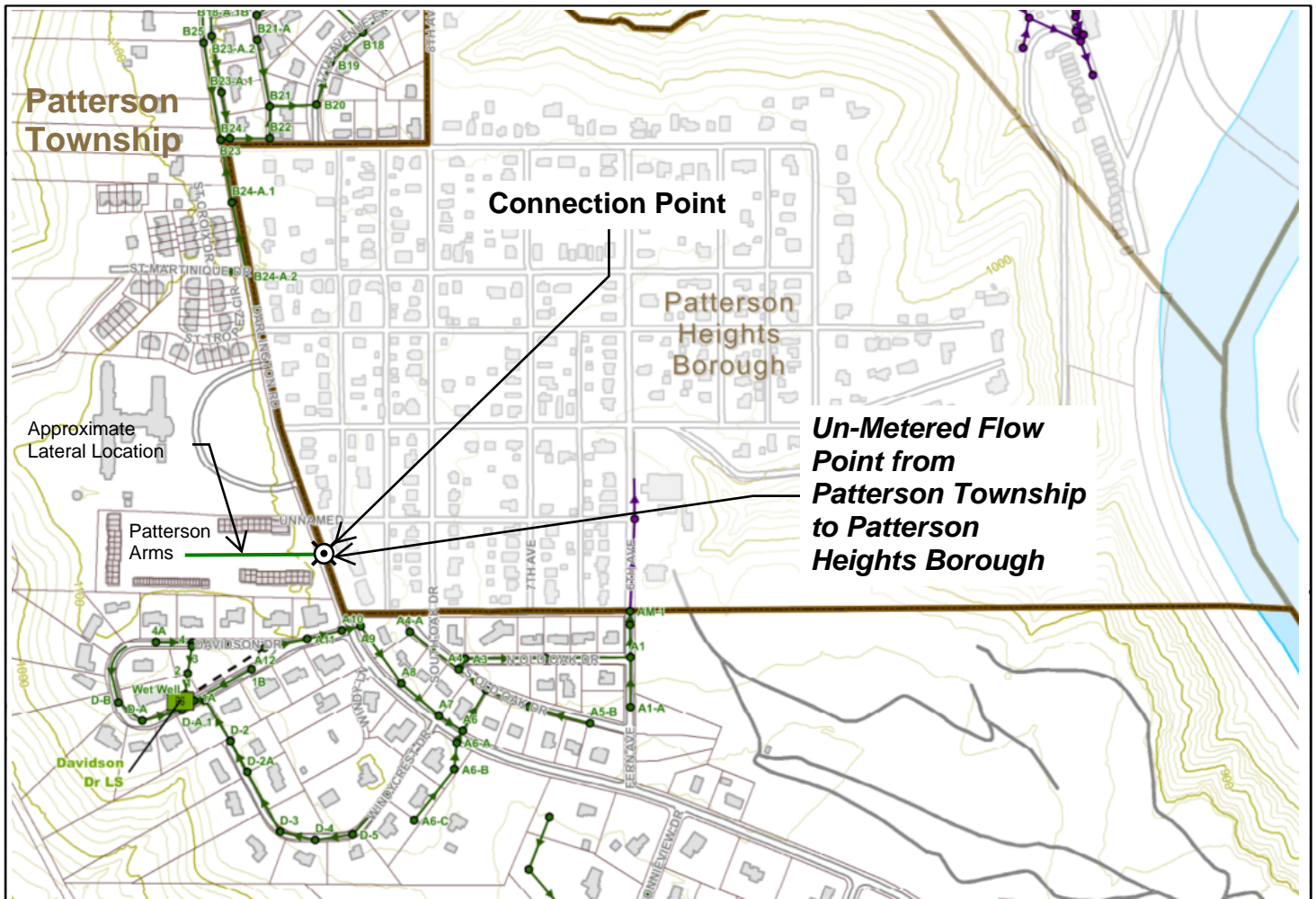


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Substeds
- ▬ Municipal Boundaries

Exhibit A_3 - Connection Point Located at Franciscan Manor Patterson Heights Borough



Patterson Township

Connection Point

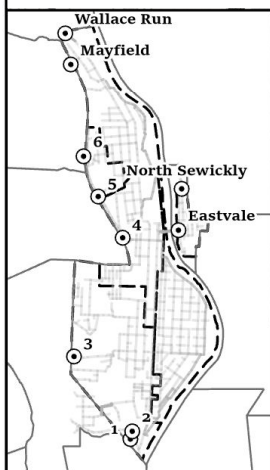
Patterson Heights Borough

Approximate Lateral Location

Patterson Arms

Un-Metered Flow Point from Patterson Township to Patterson Heights Borough

Davidson Dr LS



GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_4 - Connection Point Located at Patterson Arms Patterson Heights Borough

EXHIBIT B
CONNECTION POINTS HAVING FLOW METERS

Attached

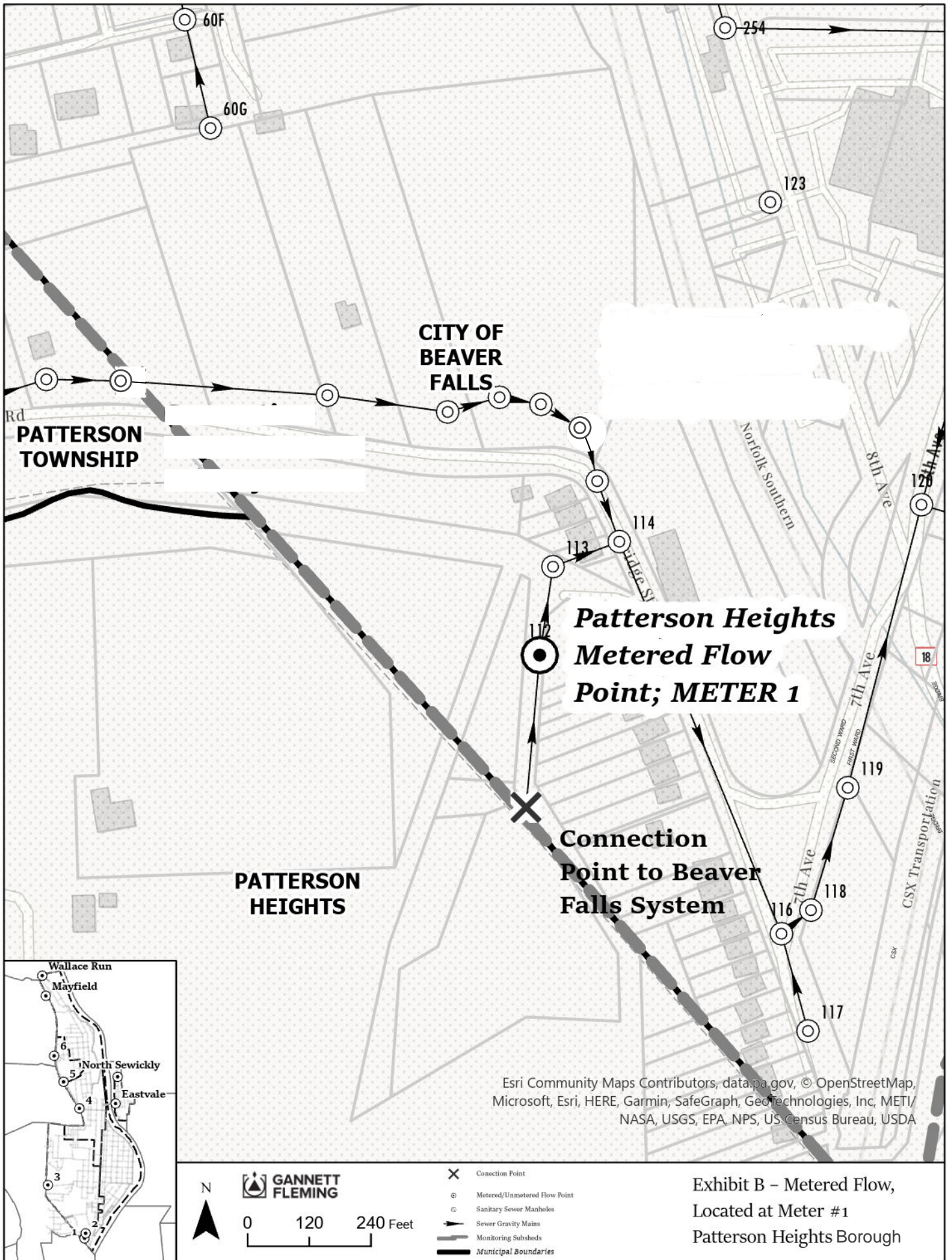
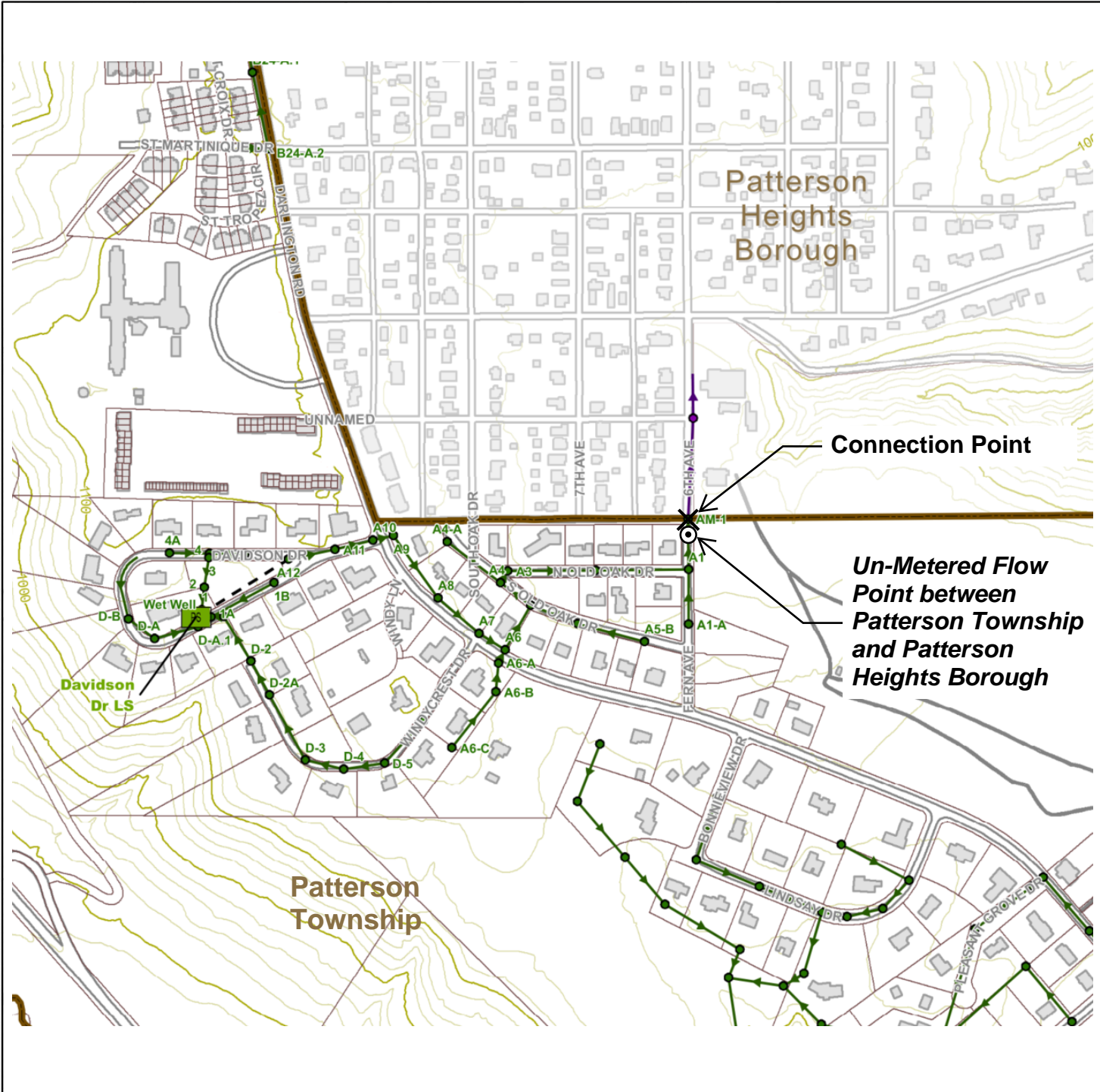


EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

Attached



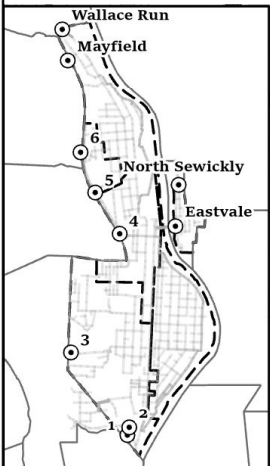
Patterson Heights Borough

Connection Point

Un-Metered Flow Point between Patterson Township and Patterson Heights Borough

Patterson Township

Davidson Dr LS

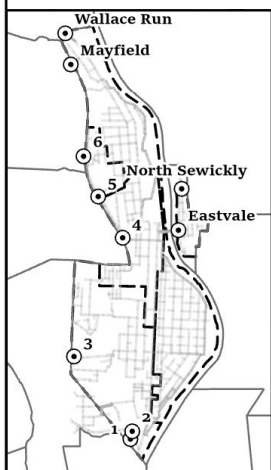
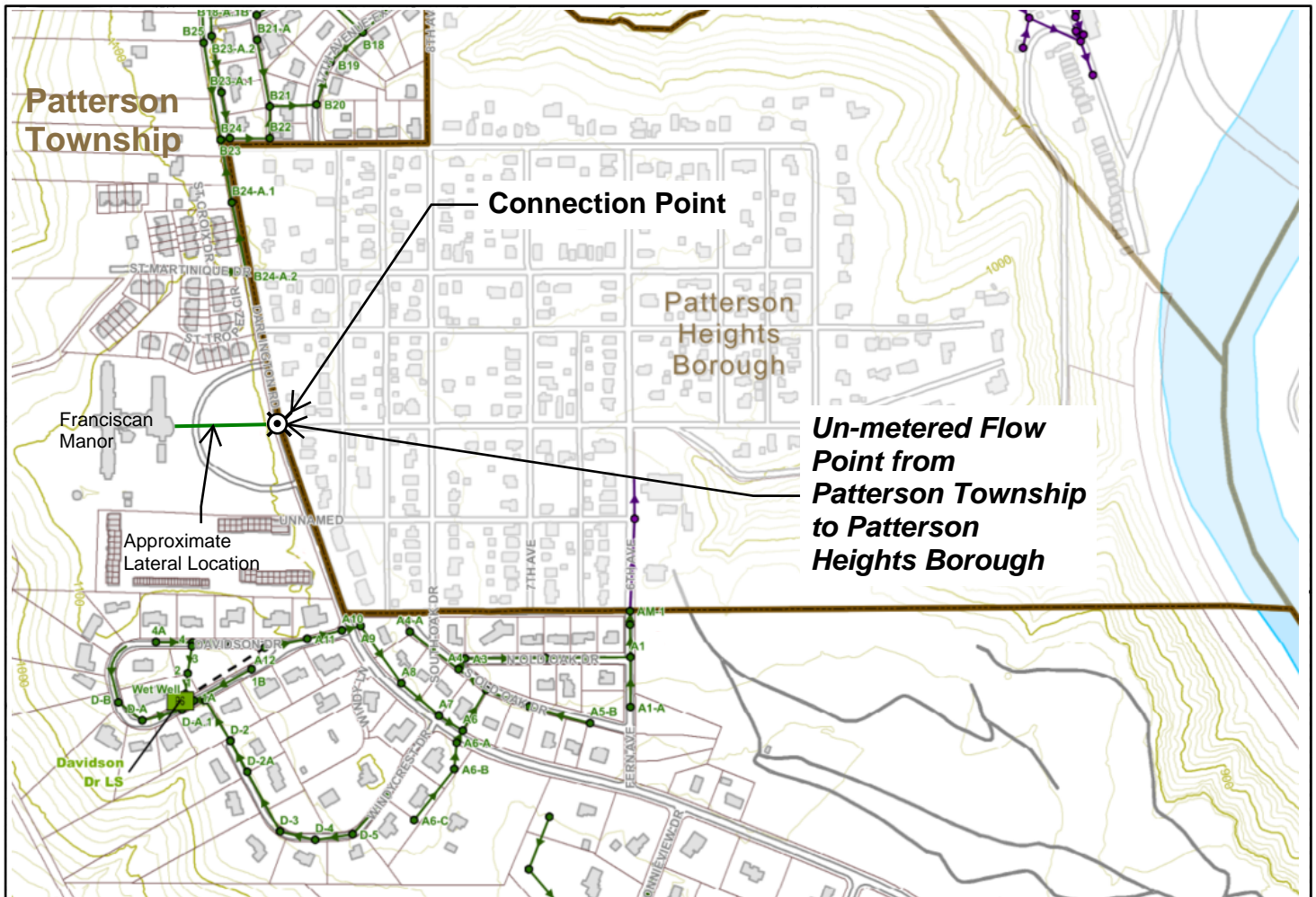


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit C_2 - Un-Metered Flow Located at 6th Ave/Fern Ave & Old Oak Drive North Patterson Heights Borough



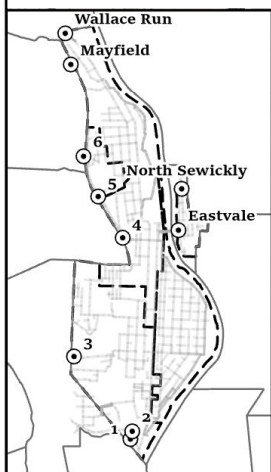
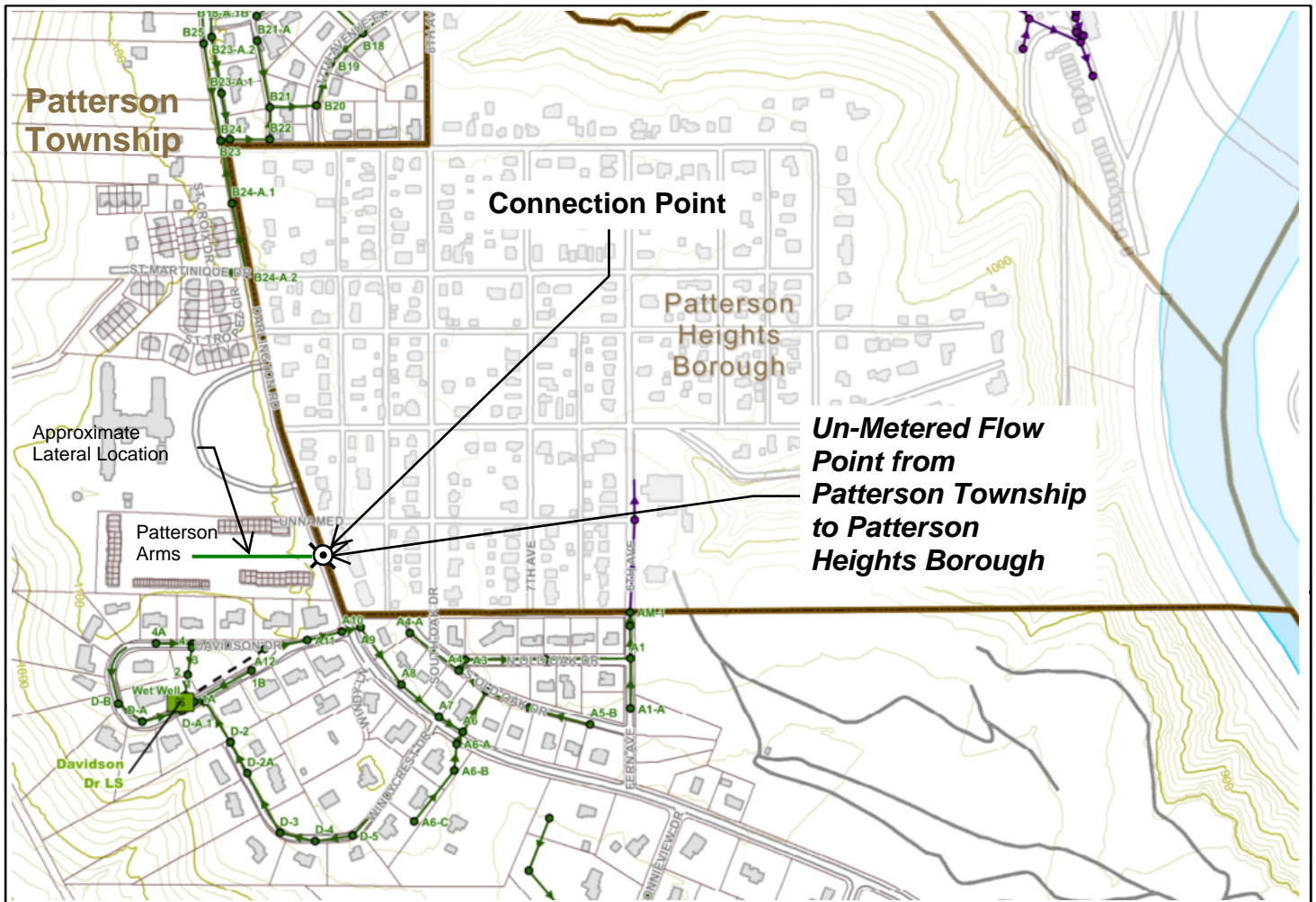
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GANNETT FLEMING

NOT TO SCALE

	Connection Point
	Metered/Unmetered Flow Point
	Sanitary Sewer Manholes
	Sewer Gravity Mains
	Monitoring Subsheds
	Municipal Boundaries

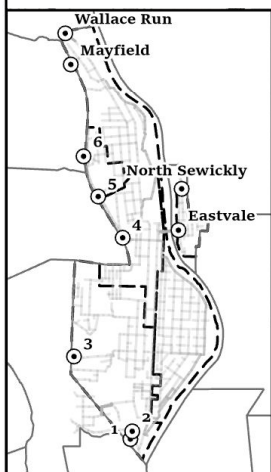
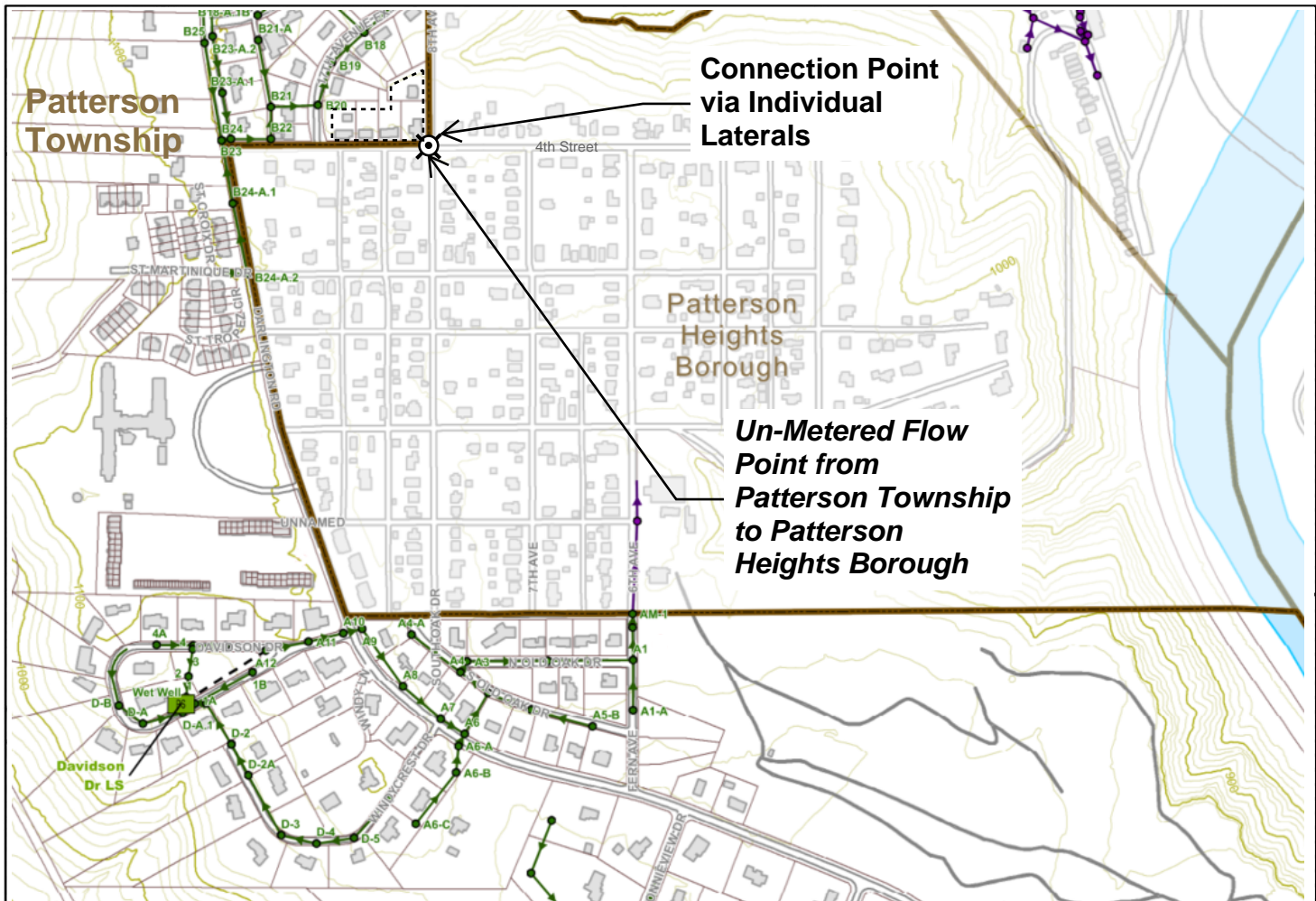
Exhibit C_3 - Un-metered Flow Located at Franciscan Manor Patterson Heights Borough



NOT TO SCALE

X	Connection Point
⊙	Metered/Unmetered Flow Point
⊙	Sanitary Sewer Manholes
—	Sewer Gravity Mains
—	Monitoring Subsheds
—	Municipal Boundaries

Exhibit C_4 - Un-metered Flow Located at Patterson Arms Patterson Heights Borough



GANNETT FLEMING

NOT TO SCALE







-  Connection Point
-  Metered/Unmetered Flow Point
-  Sanitary Sewer Manholes
-  Sewer Gravity Mains
-  Monitoring Subsheds
-  Municipal Boundaries

Exhibit C_5 - Un-metered Flow via Individual Laterals, Located at Fourth Street and 8th Ave Patterson Heights Borough

EXHIBIT F13

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 6 day of December, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and the TOWNSHIP OF WHITE, a municipal corporation of the Commonwealth of Pennsylvania (the "Municipality"). Aqua and the Municipality are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the ~~Acquired Collection System~~, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the "Municipality System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System including, without limitation, that certain Agreement dated April 28, 1977 between the City and the Municipality (the "Existing Agreement"); and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System and the charge for such services.

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP") and Municipality's ordinance applicable to the Municipality System as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.2. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.3. "Contributing Users." The Borough of Big Beaver, Borough of Eastvale, City, North Sewickley Township Sewer Authority, Township of Patterson, Borough of Patterson Heights, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.4. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.5. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.6. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.6.1. "Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or a Third-Party System which have a flow metering device at the Connection Points and are identified on Exhibit B attached hereto.

2.1.6.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside

Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.7. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.8. “Industrial Waste Survey.” As defined in Section 12.

2.1.9. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.10. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.11. “Notice Date.” The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.12. “Outside Users.” The Contributing Users excluding the City.

2.1.13. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.14. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.15. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.16. “PUC.” The Pennsylvania Public Utility Commission.

2.1.17. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s Ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are

in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. Flow calculations for each quarter shall be communicated to the Municipality within thirty (30) days of the end of each quarter. Daily Flow calculations shall be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. Aqua shall maintain accurate Flow records for Metered Flow based on the Flow meter readings. Aqua shall own, operate, maintain and replace, if necessary, the Flow meters and shall calibrate the Flow meters in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost. The results of such testing and calibration shall be provided to the Municipality upon request and no later than fourteen (14) business days from such request. If the Municipality requests additional testing, calibration, maintenance and repair, such expenses associated shall be at the cost of the Municipality.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the Municipality may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua shall notify the Municipality for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation,

or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration (“I&I”). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys’ and consultants’ fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of any metering device (a) at any Connection Point, or (b) used to calculate the Flow emanating from the Municipality System to the Acquired System located elsewhere in the Acquired System, anywhere in the Municipality System or anywhere else, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device (“Metering Costs”).

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party’s Facilities, all present and future Permits applicable to such Party’s Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment (“Sampling Equipment”) at the Connection Points for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Municipality hereby grants Aqua an easement over any of its property and a license to access the Municipality System in order to install, access, operate or maintain (a) the Flow meters installed in the Municipality System, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Municipality shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua’s normal sampling and testing procedure, at the Municipality’s sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua’s request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a “Industrial Waste Survey”):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user’s business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua’s collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the “Rate”). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate,

and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the "Aqua Indemnified Parties") against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality's elected officials, directors, officers, employees, representatives and agents (collectively the "Municipality Indemnified Parties") against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this

Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

20. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

21. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

22. Miscellaneous.

22.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

22.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

22.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

22.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

22.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

22.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

22.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

22.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: Township of White
2511 13th Avenue
Beaver Falls, PA 15010
Attn: President

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue

Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

22.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

22.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

22.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

22.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.


22.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a "Bulk Treatment Agreement") which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

22.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

AQUA PENNSYLVANIA
WASTEWATER, INC.

By:  _____

Name: Marc A. Lucca

Title: President

MUNICIPALITY:

TOWNSHIP OF WHITE


By: _____

Name: Ray Evans, Jr.

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By:  _____

Name: Kenya Johns

Title: Mayor

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

AQUA PENNSYLVANIA
WASTEWATER, INC.

TOWNSHIP OF WHITE

By: _____

By: Ray A Evans Jr

Name: Marc A. Lucca

Name: Ray Evans, Jr.

Title: President

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: _____

Name: Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS

Attached

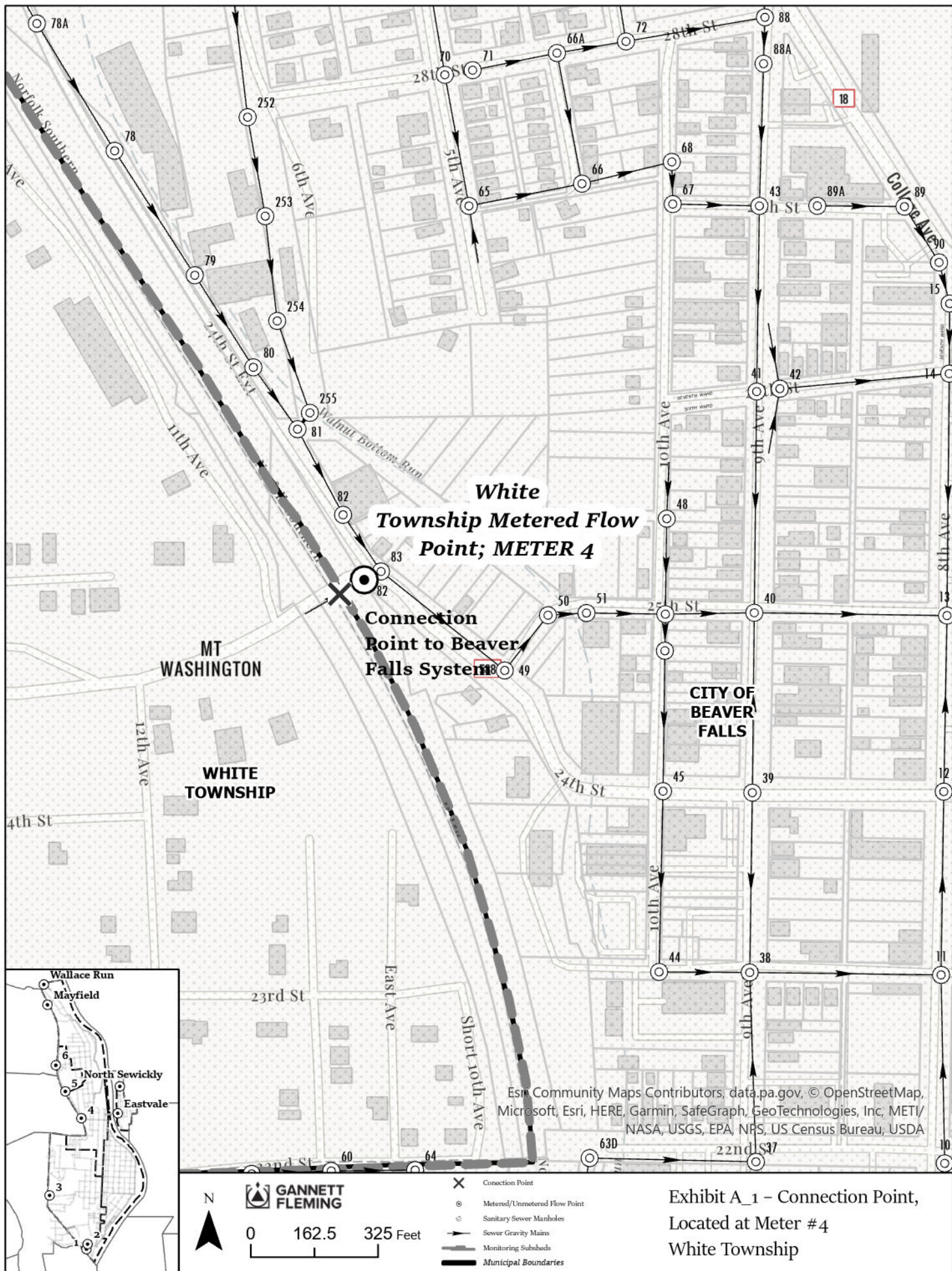
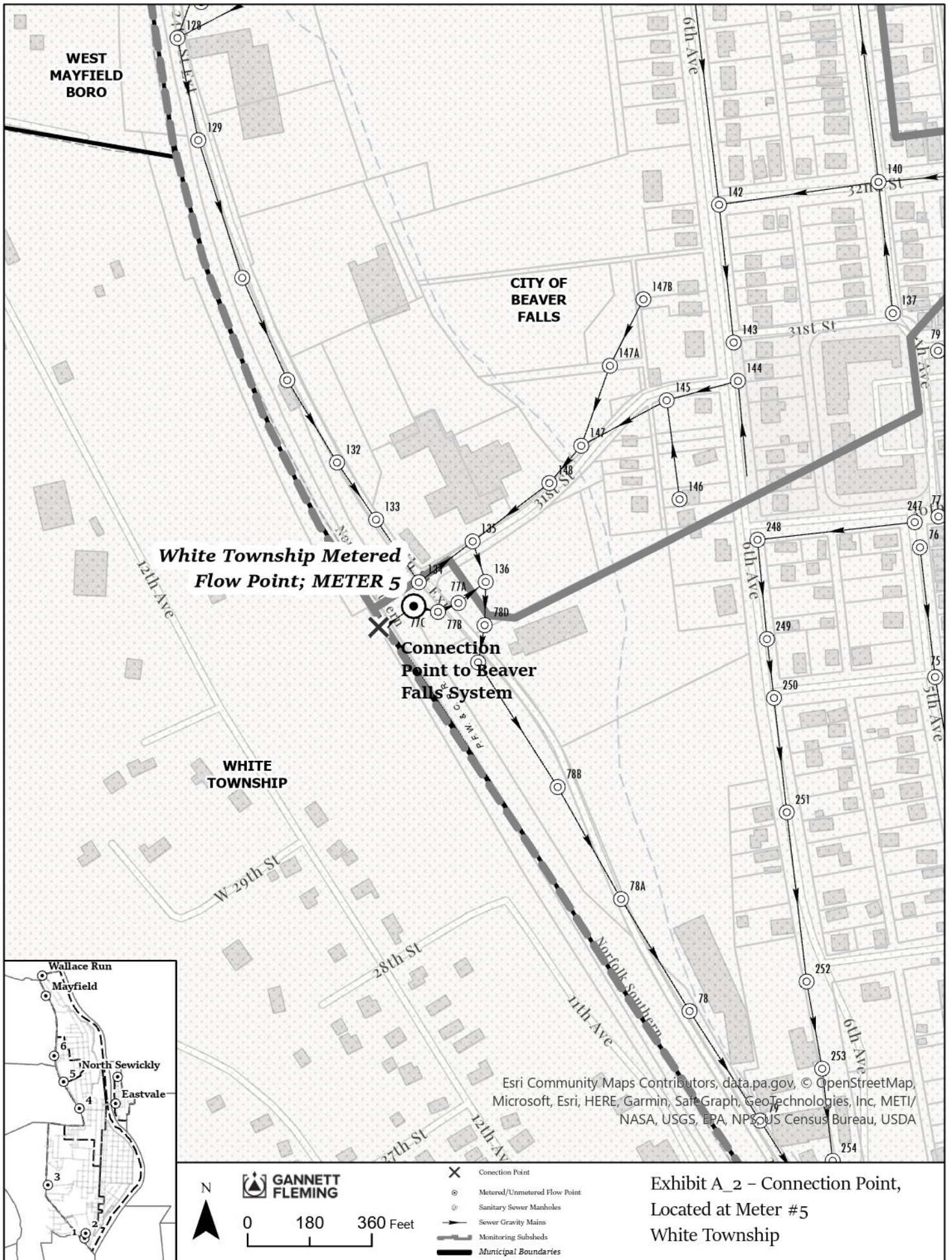


Exhibit A_1 - Connection Point, Located at Meter #4 White Township

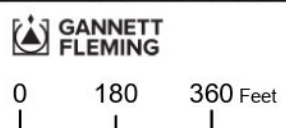


**White Township Metered
Flow Point; METER 5**

**Connection
Point to Beaver
Falls System**

**WHITE
TOWNSHIP**

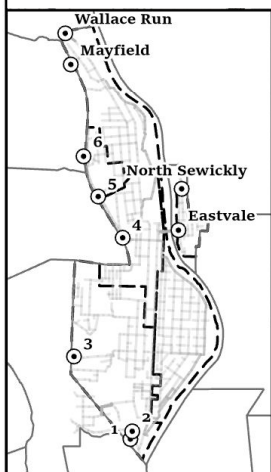
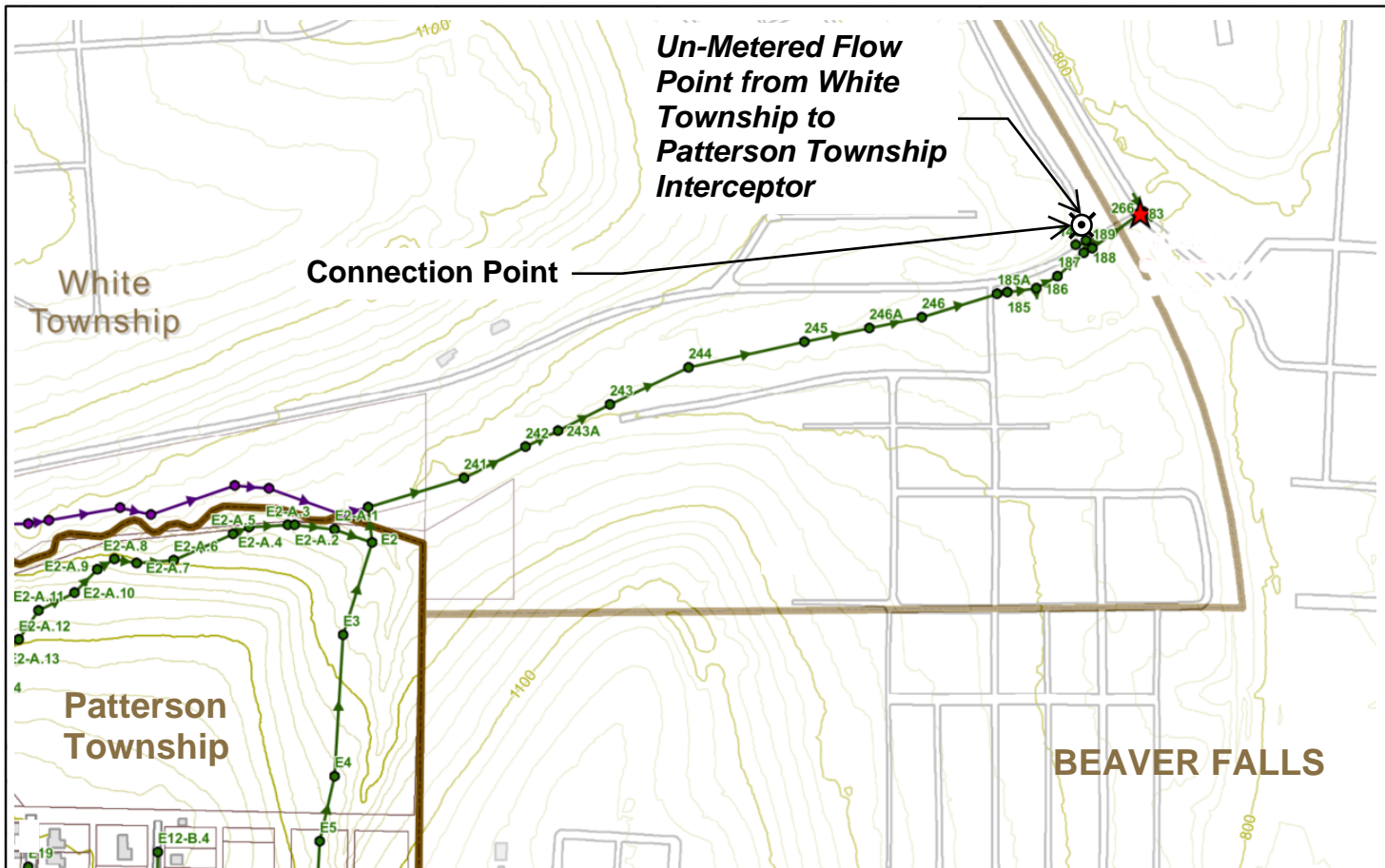
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**GANNETT
FLEMING**

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

**Exhibit A_2 - Connection Point,
Located at Meter #5
White Township**

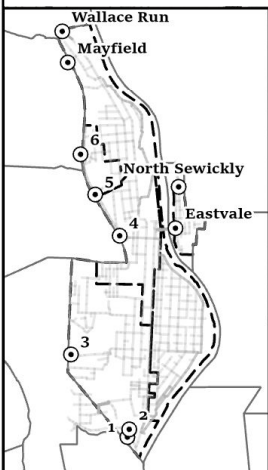
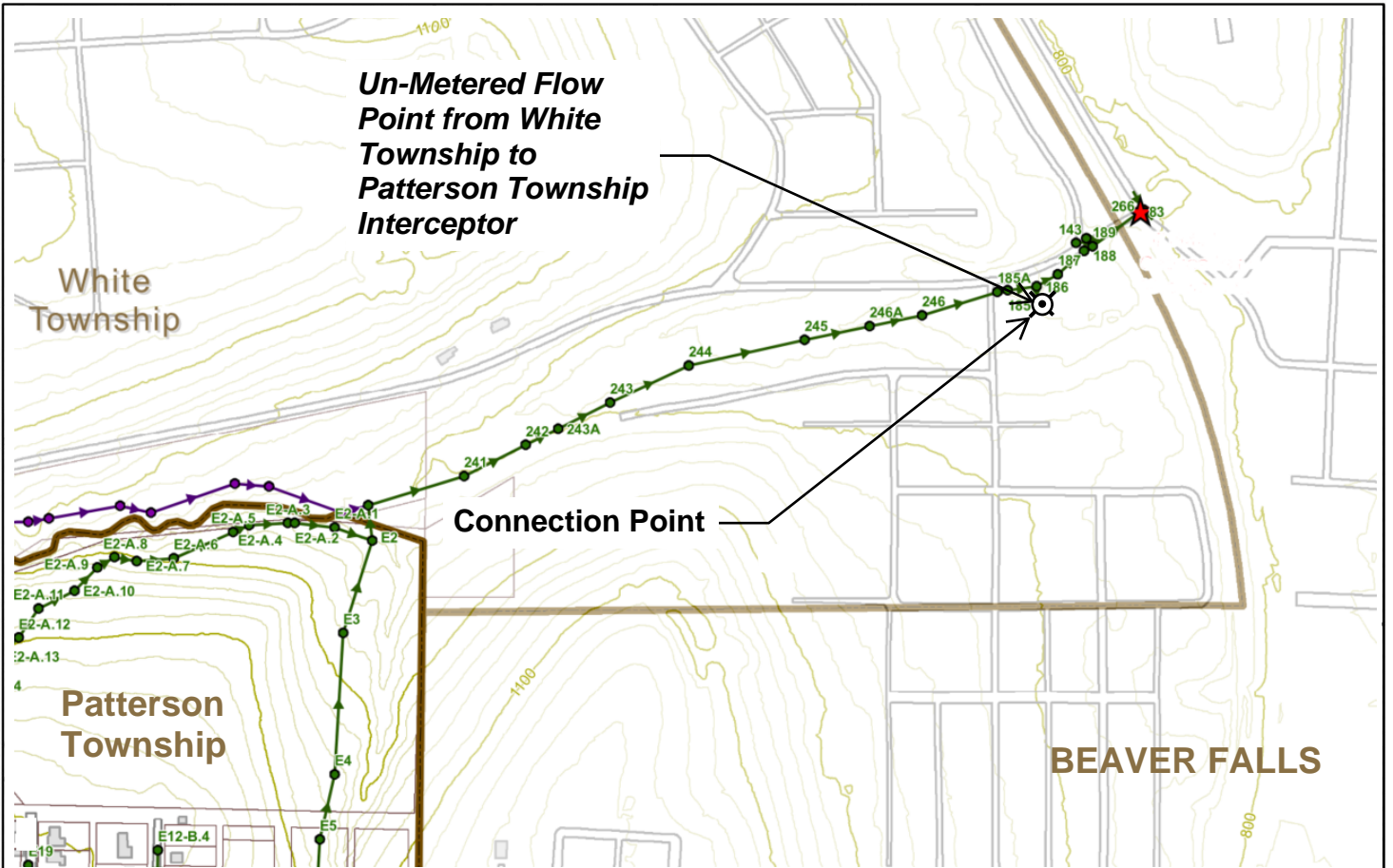


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_3 - Connection Point Located at Steffin Hill Road, MH E189 White Township

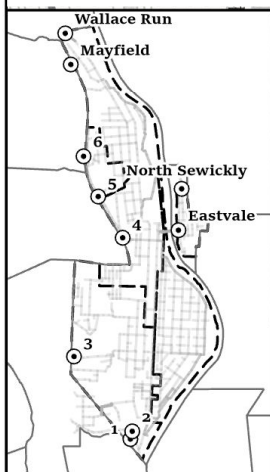
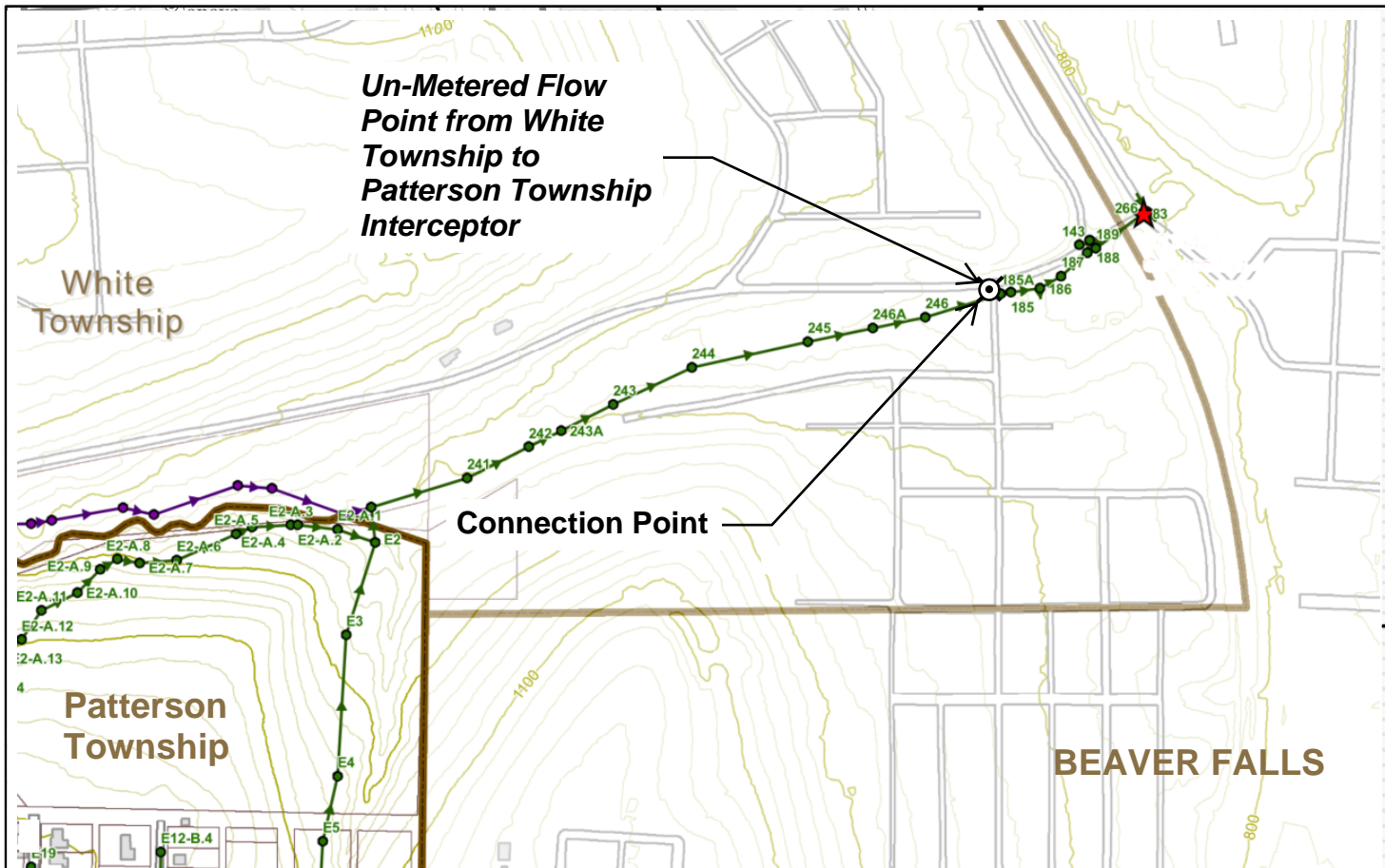


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_4 - Connection Point Located at Steffin Hill Road, MH E186 White Township

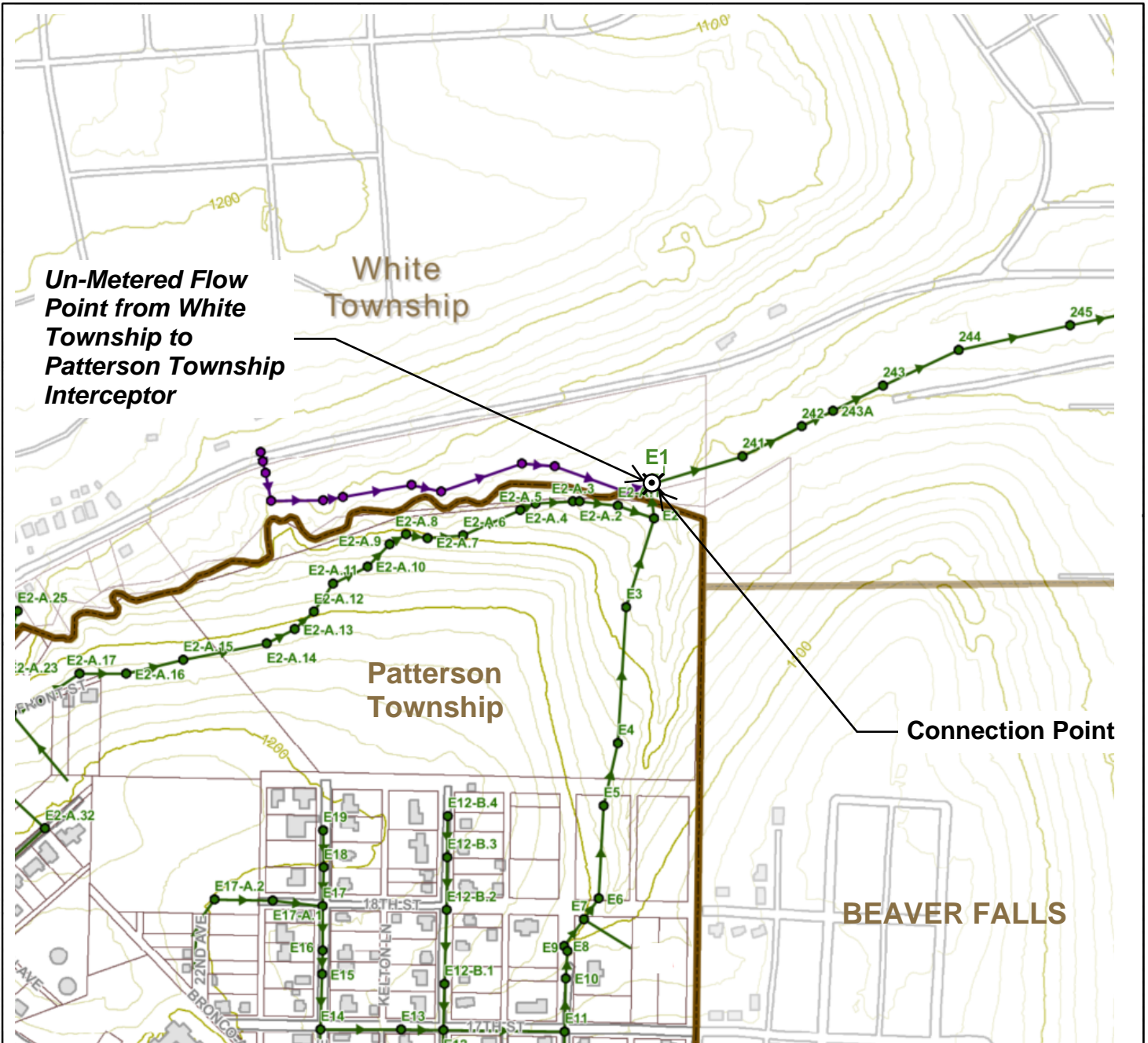


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_5 - Connection Point Located at Steffin Hill Road, MH E185A White Township



Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

BEAVER FALLS

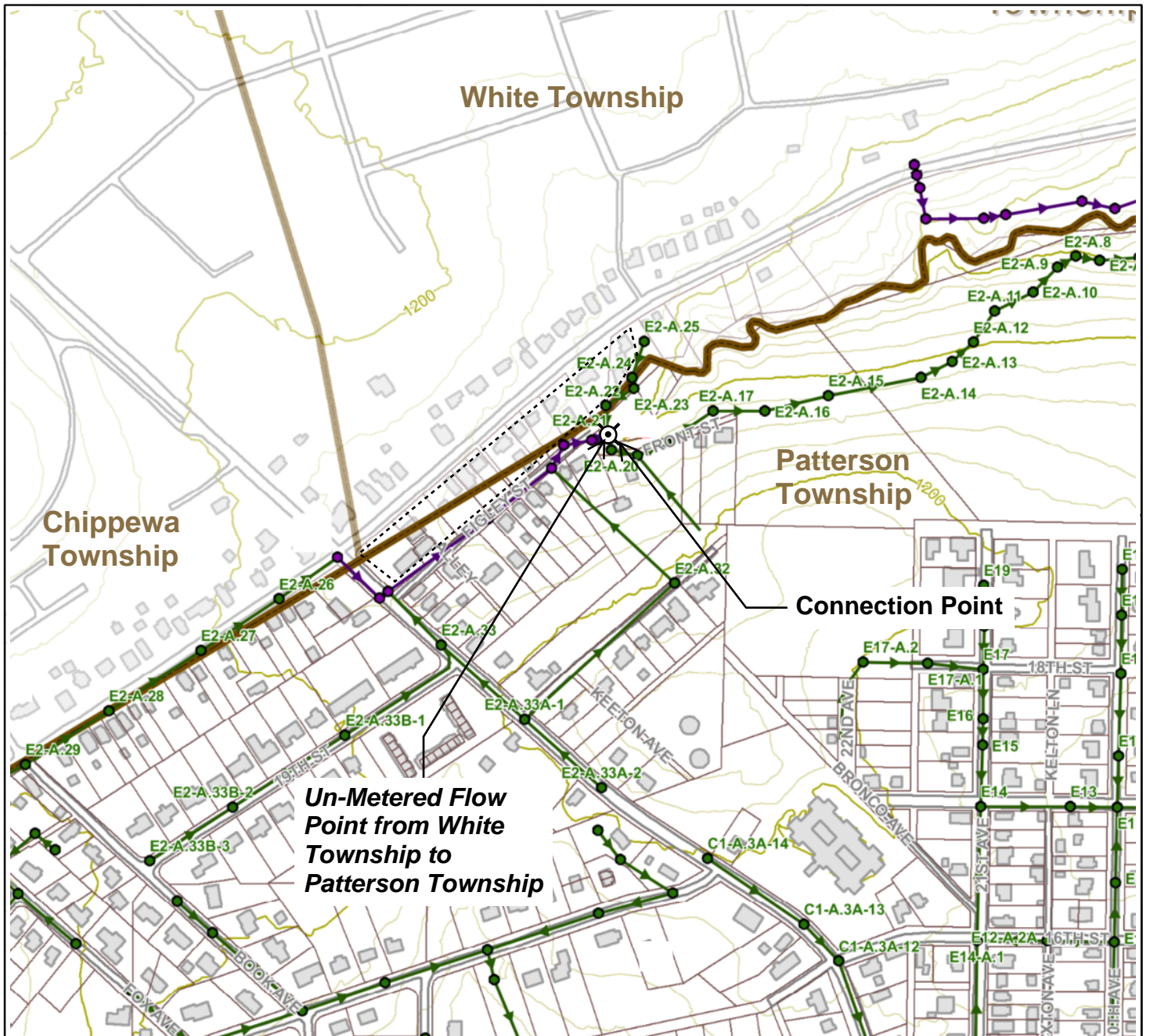


GANNETT FLEMING

NOT TO SCALE

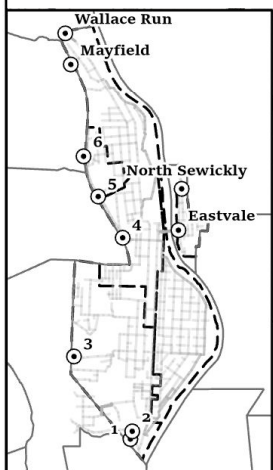
- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_6 - Connection Point Located at NE Corner of Patterson Township, MH E1 White Township



Un-Metered Flow Point from White Township to Patterson Township

Connection Point

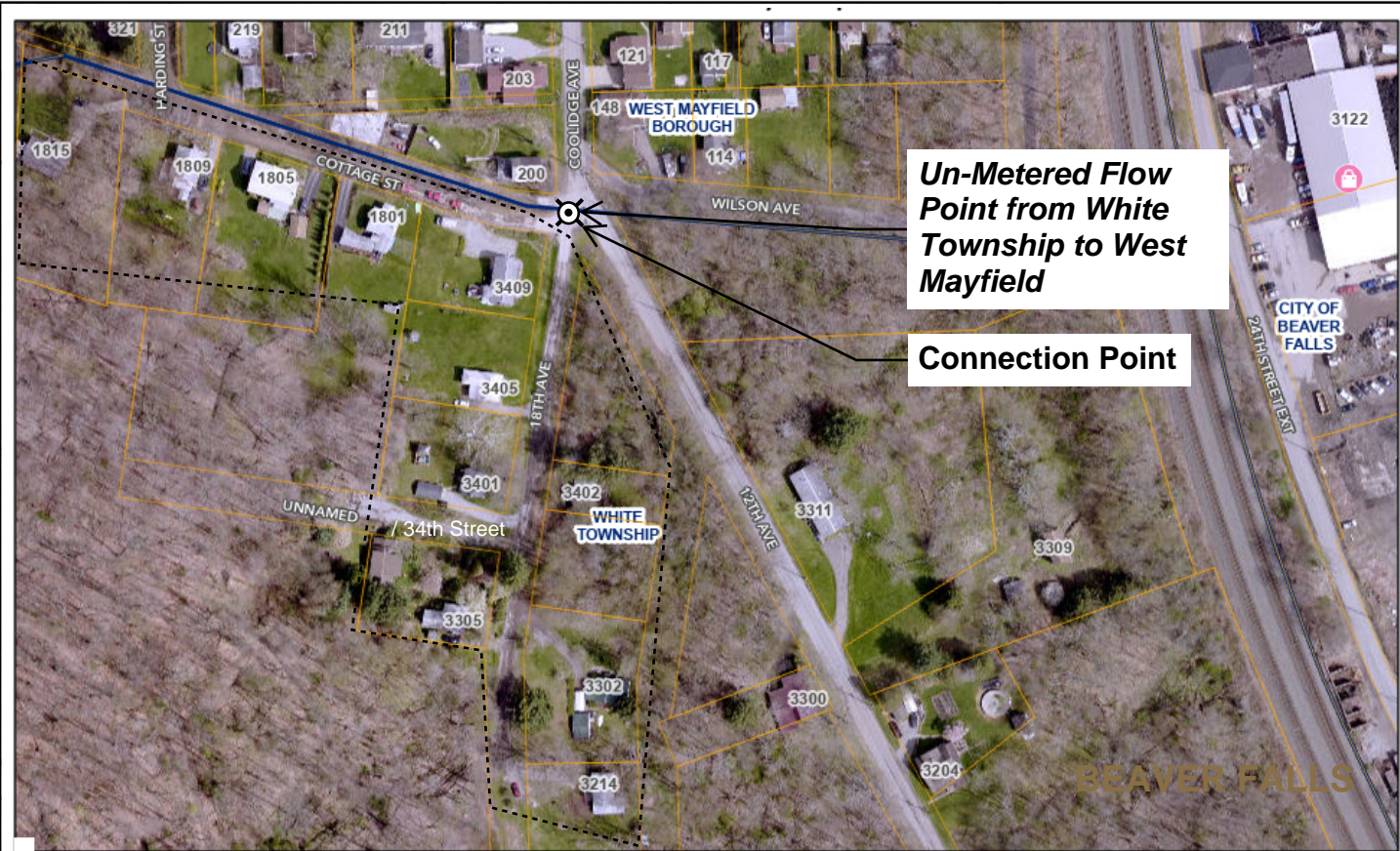


GANNETT FLEMING

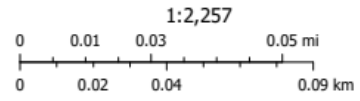
NOT TO SCALE



- X Connection Point
- o Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_7 - Connection Point Located at Figley St and Front St, MH E2-A.21 White Township









November 30, 2023



-  Retail
-  Parcels
-  Municipalities
- Addresses
- Centerline Labels



 **GANNETT FLEMING**

-  Connection Point
-  Metered/Unmetered Flow Point
-  Sanitary Sewer Manholes
-  Sewer Gravity Mains
-  Monitoring Subsheds
-  Municipal Boundaries

**Exhibit A_8 - Connection Point
Homes on 34th Street and 18th Avenue
White Township**

EXHIBIT B
CONNECTION POINTS HAVING FLOW METERS

Attached

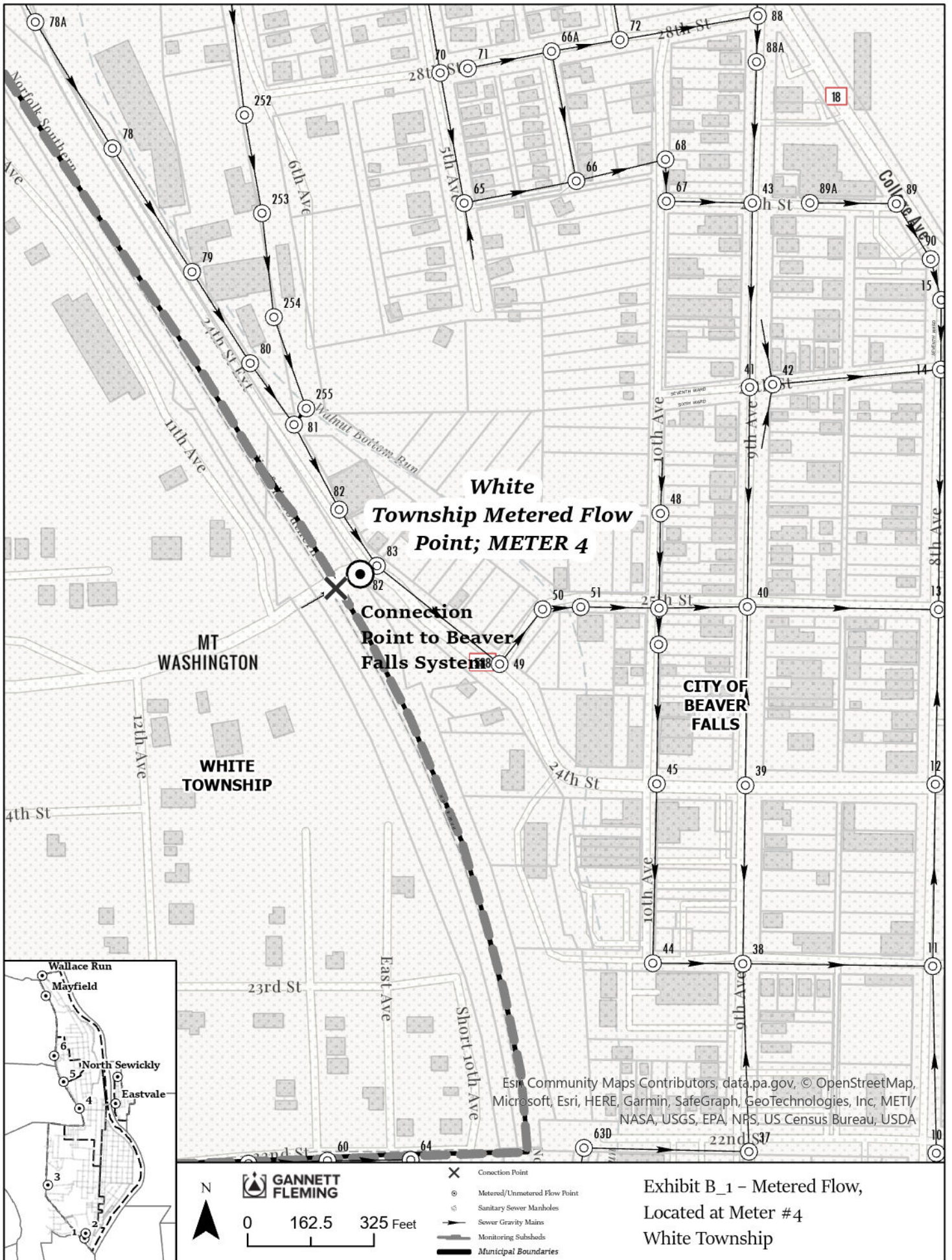
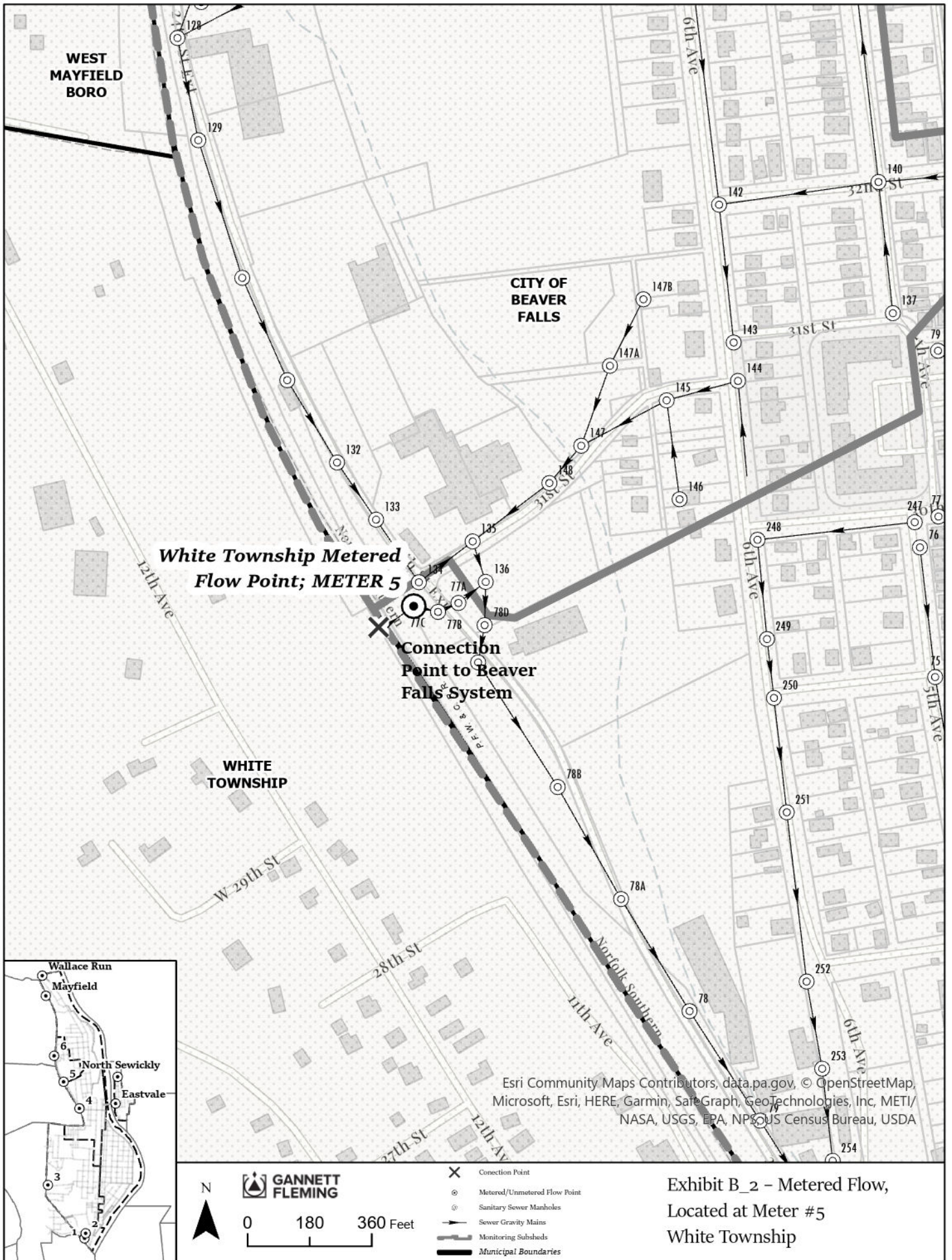


Exhibit B_1 - Metered Flow,
 Located at Meter #4
 White Township



White Township Metered Flow Point; METER 5

Connection Point to Beaver Falls System

WHITE TOWNSHIP

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Exhibit B_2 - Metered Flow, Located at Meter #5 White Township

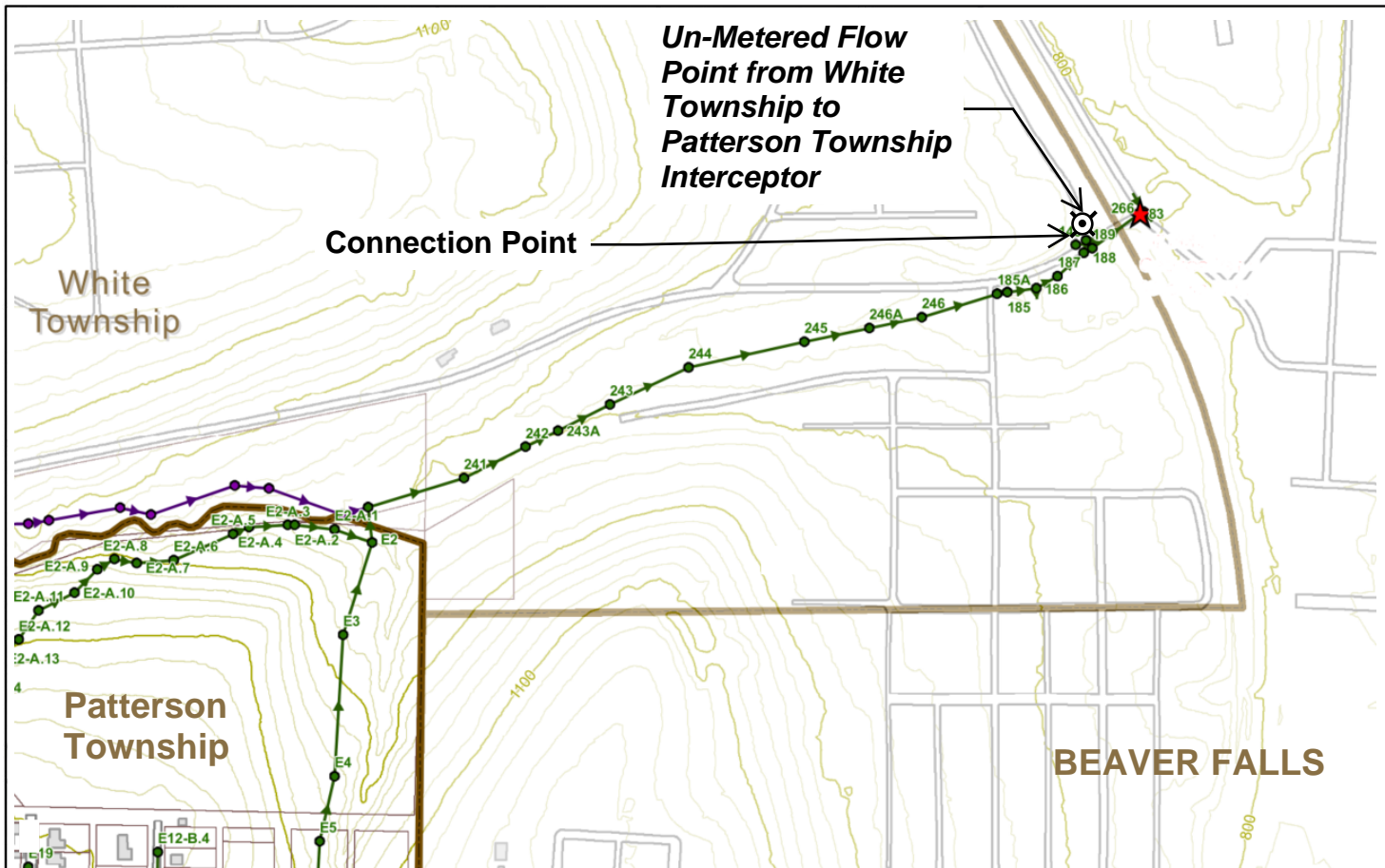
GANNETT FLEMING

0 180 360 Feet

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

Attached



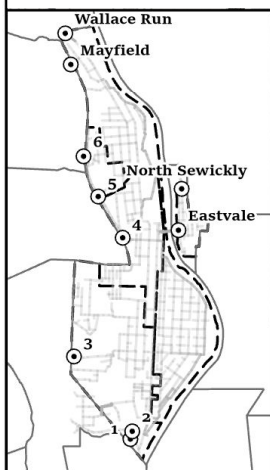
Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

White Township

Patterson Township

BEAVER FALLS

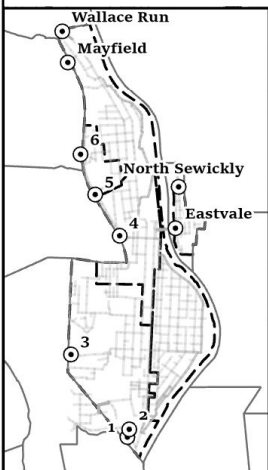
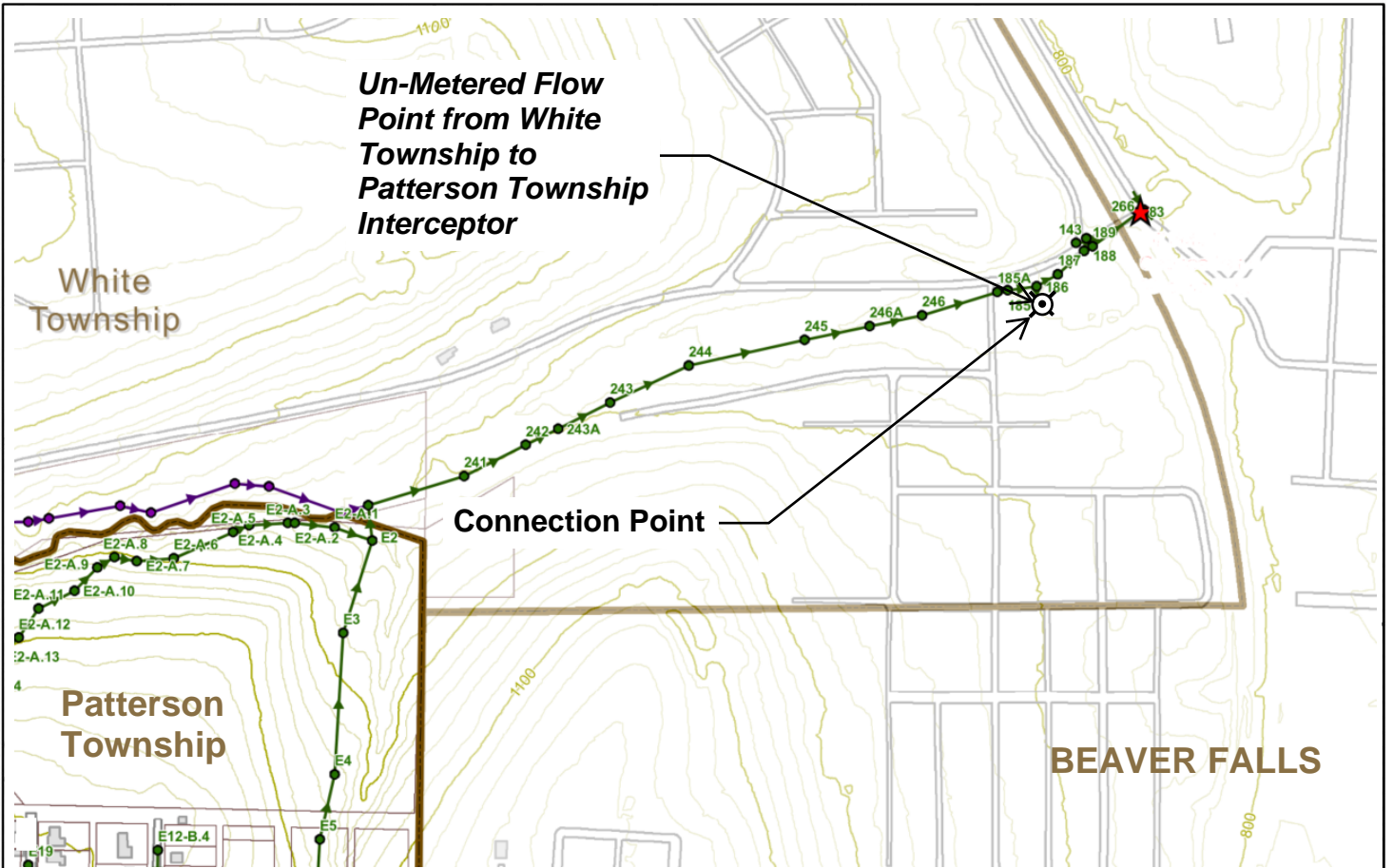


GANNETT FLEMING

NOT TO SCALE

- Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_3 - Un-metered Flow Located at Steffin Hill Road, MH E189 White Township

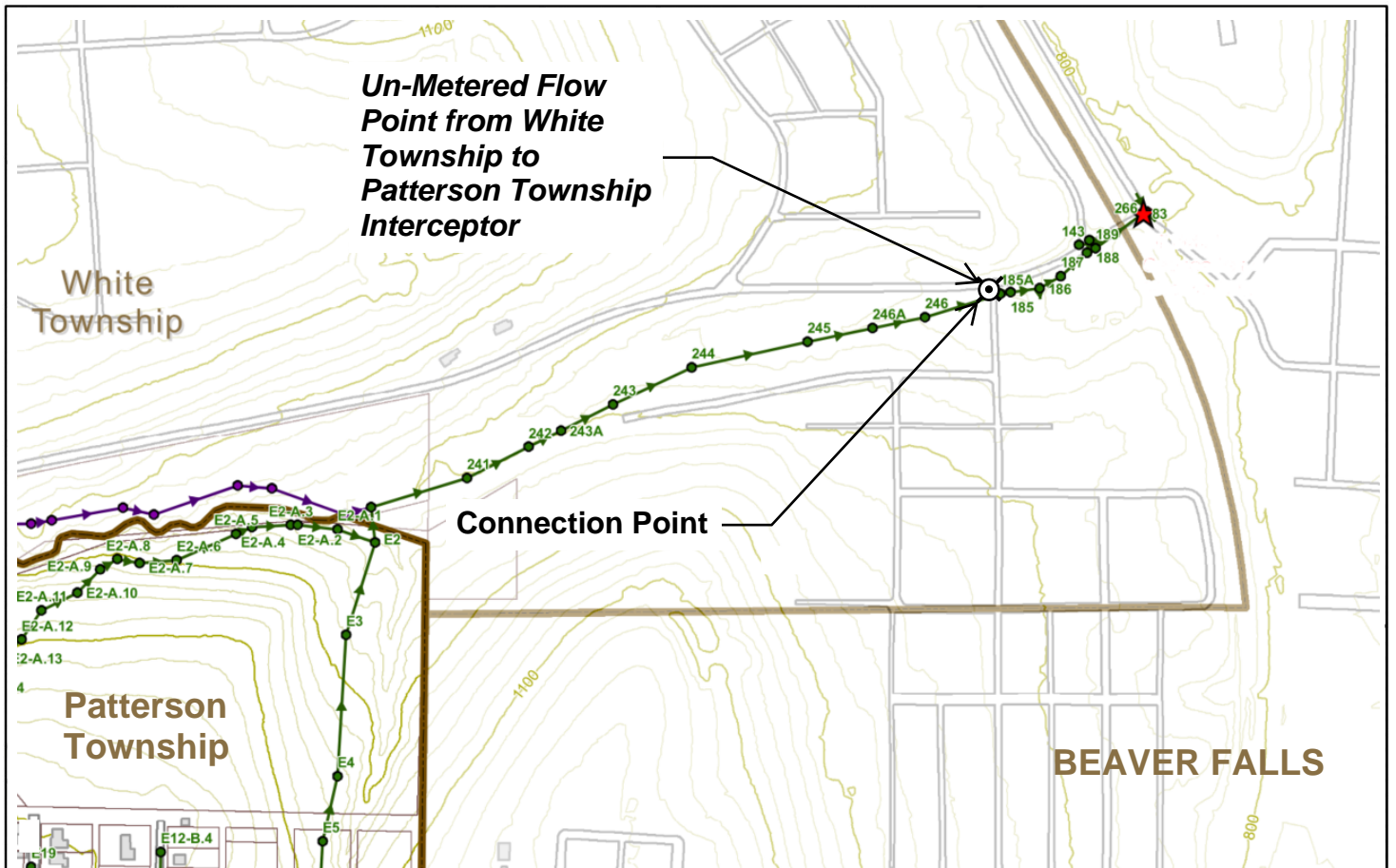


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

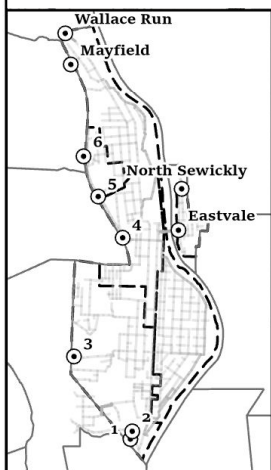
Exhibit C_4 - Un-metered Flow Located at Steffin Hill Road, MH E186 White Township



Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

BEAVER FALLS

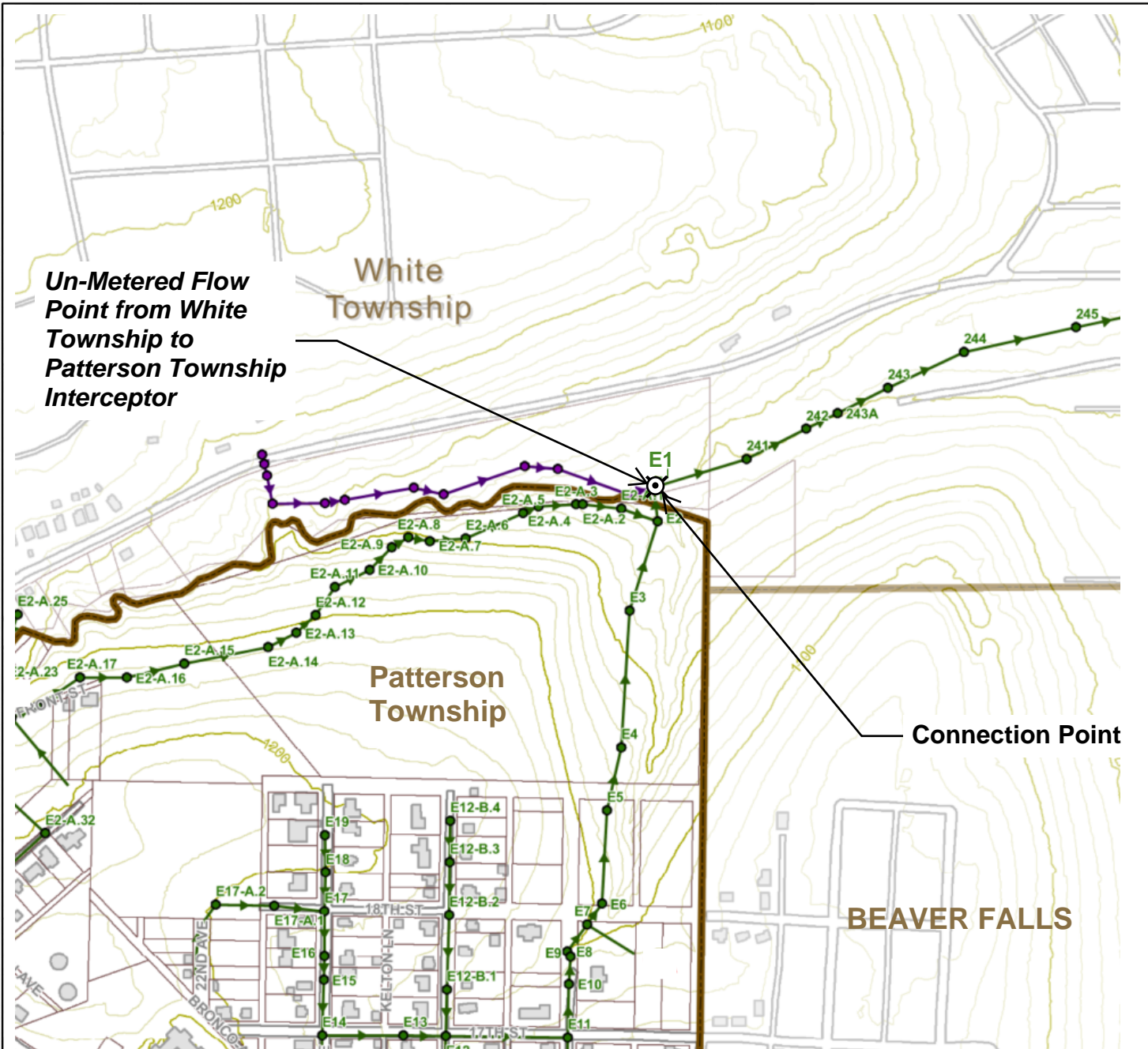


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

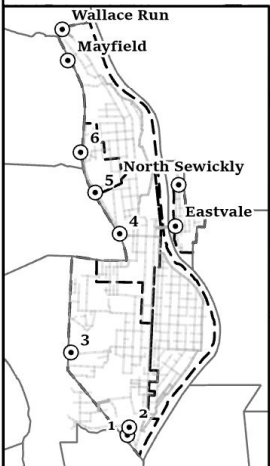
Exhibit C_5 - Un-metered Flow Located at Steffin Hill Road, MH E185A White Township



Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

BEAVER FALLS

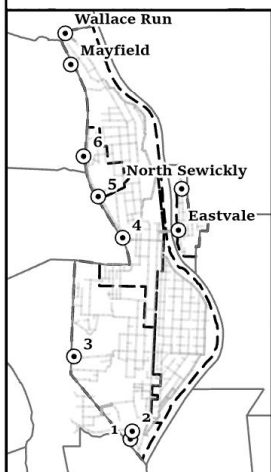
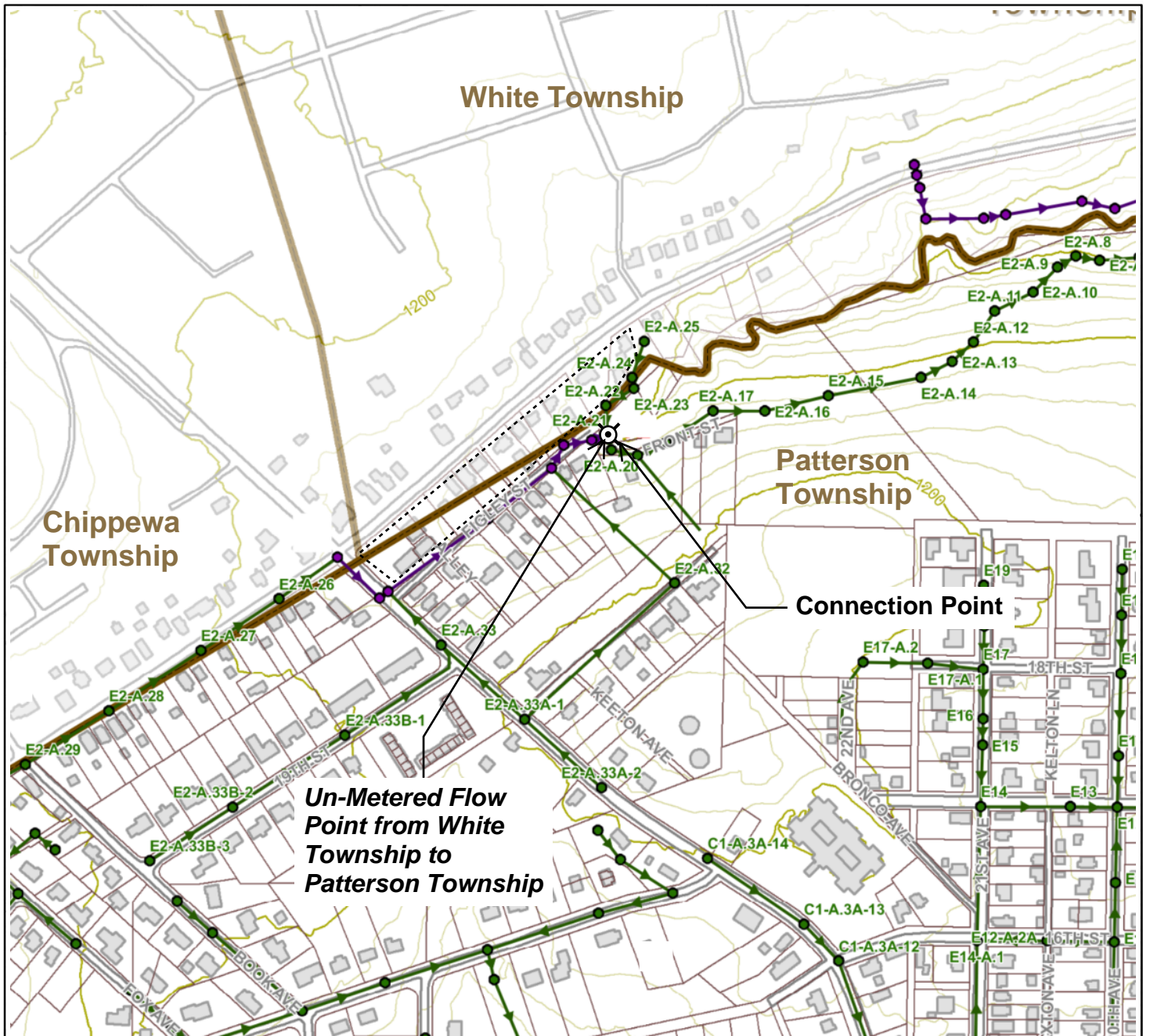


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit C_6 - Un-Metered Flow Located at NE Corner of Patterson Township, MH E1 White Township

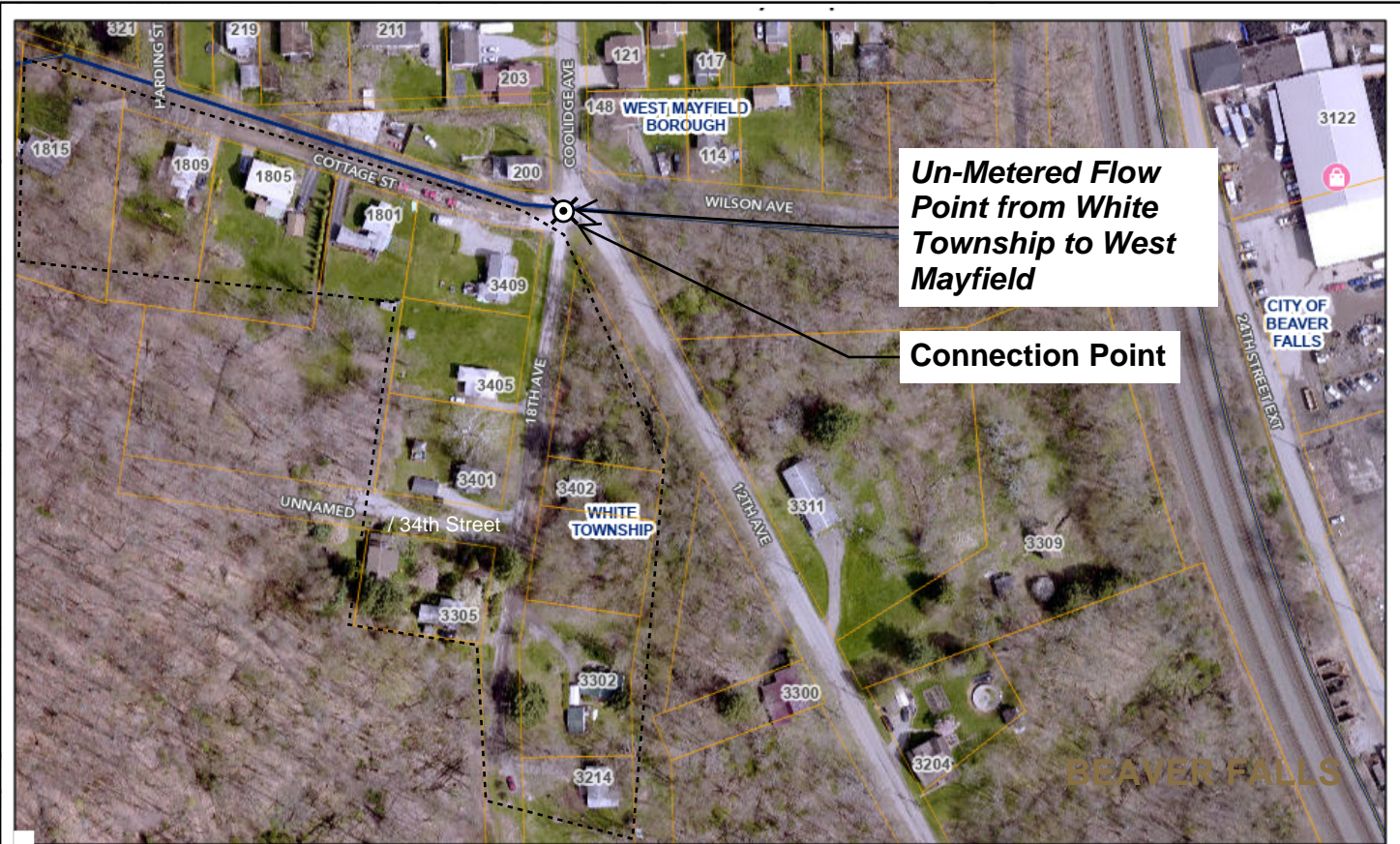


GANNETT FLEMING

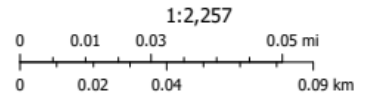
NOT TO SCALE

- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

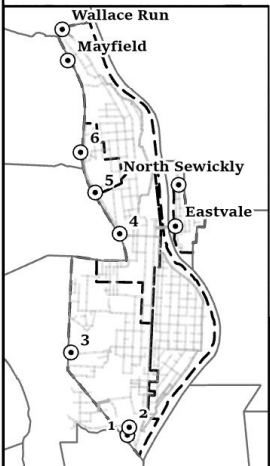
Exhibit C_7 - Un-metered Flow Located at Figley St and Front St, MH E2-A.21 White Township



November 30, 2023



- Retail
- Parcels
- Municipalities
- Addresses
- Centerline Labels



GANNETT FLEMING

- Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_8 - Un-metered Flow Homes on 34th Street and 18th Avenue White Township

EXHIBIT F14

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 14th day of December, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and the TOWNSHIP OF PATTERSON, a municipal corporation of the Commonwealth of Pennsylvania (the "Municipality"). Aqua and the Municipality are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the Acquired Collection System, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the "Municipality System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System including, without limitation, that certain Agreement dated April 28, 1977 between the City and the Municipality (the "Existing Agreement"); and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System and the charge for such services.

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP") and Chapter 158 of the Code of the Municipality as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.2. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.3. "Contributing Users." The Borough of Big Beaver, Borough of Eastvale, City, North Sewickley Township Sewer Authority, Municipality, Borough of Patterson Heights, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.4. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.5. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.6. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.6.1. "Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or a Third-Party System which have a flow metering device at the Connection Points and are identified on Exhibit B attached hereto.

2.1.6.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and

deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.7. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.8. “Industrial Waste Survey.” As defined in Section 12.

2.1.9. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.10. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.11. “Notice Date.” The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.12. “Outside Users.” The Contributing Users excluding the City.

2.1.13. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.14. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.15. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.16. “PUC.” The Pennsylvania Public Utility Commission.

2.1.17. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. Flow calculations for each quarter shall be communicated to the Municipality within thirty (30) days of the end of each quarter. Daily Flow calculations shall be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. Aqua shall maintain accurate Flow records for Metered Flow based on the Flow meter readings. Aqua shall own, operate, maintain and replace, if necessary, the Flow meters and shall calibrate the Flow meters in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost. The results of such testing and calibration shall be provided to the Municipality upon request and no later than fourteen (14) business days from such request. If the Municipality requests additional testing, calibration, maintenance and repair, such expenses associated shall be at the cost of the Municipality.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the Municipality may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua shall notify the Municipality for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration (“I&I”). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys’ and consultants’ fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of any metering device (a) at any Connection Point, or (b) used to calculate the Flow emanating from the Municipality System to the Acquired System located elsewhere in the Acquired System, anywhere in the Municipality System or anywhere else, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device (“Metering Costs”).

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party’s Facilities, all present and future Permits applicable to such Party’s Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment (“Sampling Equipment”) at the Connection Points for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any

Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Municipality hereby grants Aqua an easement over any of its property and a license to access the Municipality System in order to install, access, operate or maintain (a) the Flow meters installed in the Municipality System, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Municipality shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua's normal sampling and testing procedure, at the Municipality's sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua's request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a "Industrial Waste Survey"):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user's business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua's collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the "Rate"). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate, and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the

“Aqua Indemnified Parties”) against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality’s elected officials, directors, officers, employees, representatives and agents (collectively the “Municipality Indemnified Parties”) against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

20. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

21. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

22. Miscellaneous.

22.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

22.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

22.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

22.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

22.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

22.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

22.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

22.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: Township of Patterson
1600 19th Avenue
Beaver Falls, PA 15010
Attn: President

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.

762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

22.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

22.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

22.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

22.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

22.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a "Bulk Treatment Agreement") which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

22.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

AQUA PENNSYLVANIA
WASTEWATER, INC.

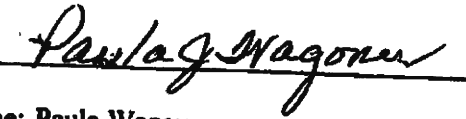
By: 

Name: Mark A. Lucca

Title: President

MUNICIPALITY:

TOWNSHIP OF PATTERSON

By: 

Name: Paula Wagoner

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

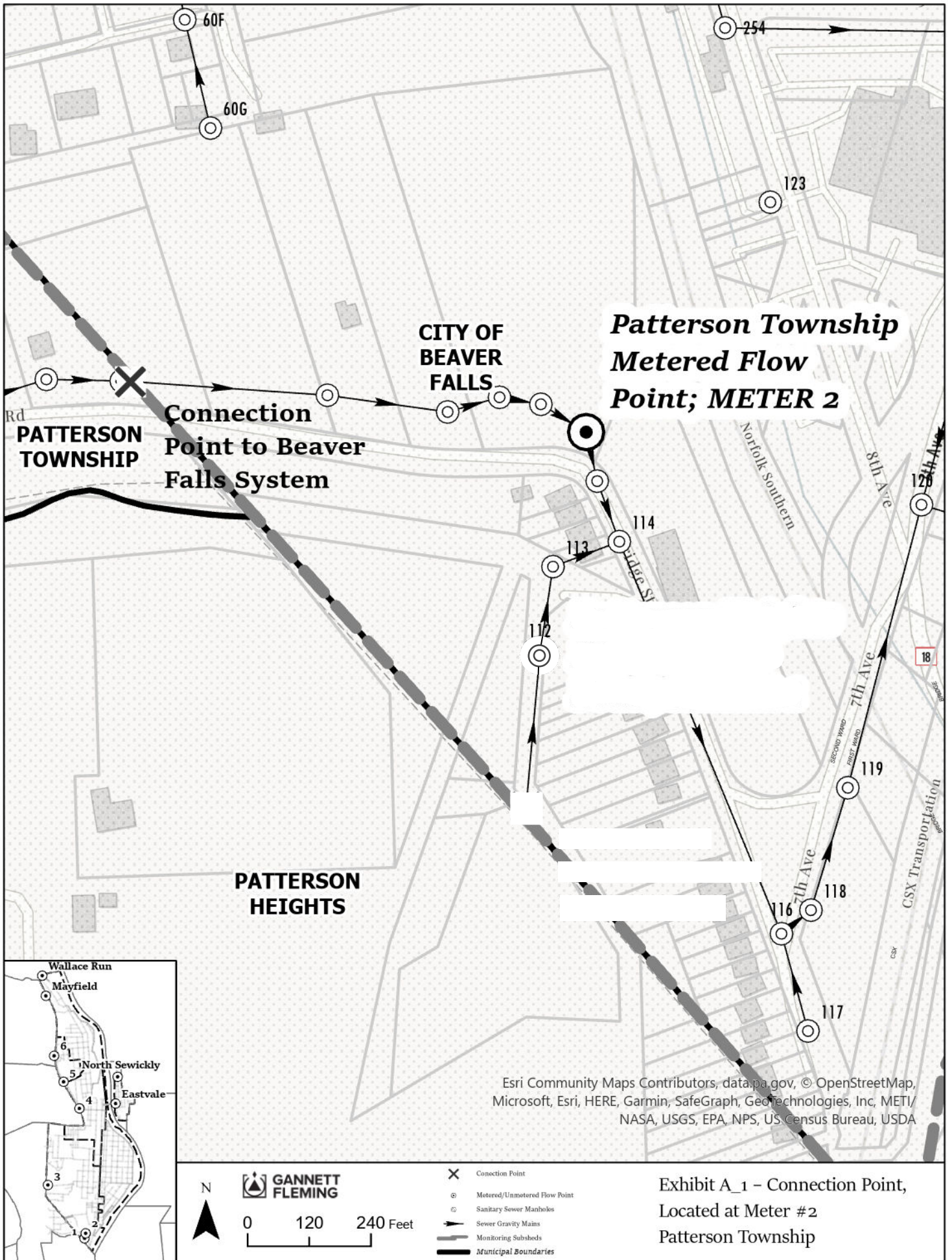
By: 

Name: Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS

Attached



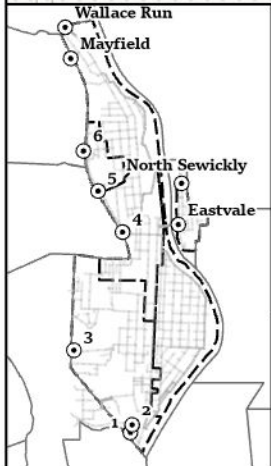
**Patterson Township
Metered Flow
Point; METER 2**

**Connection
Point to Beaver
Falls System**

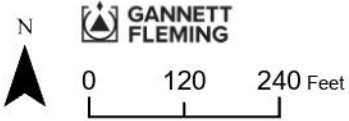
**PATTERSON
TOWNSHIP**

**CITY OF
BEAVER
FALLS**

**PATTERSON
HEIGHTS**



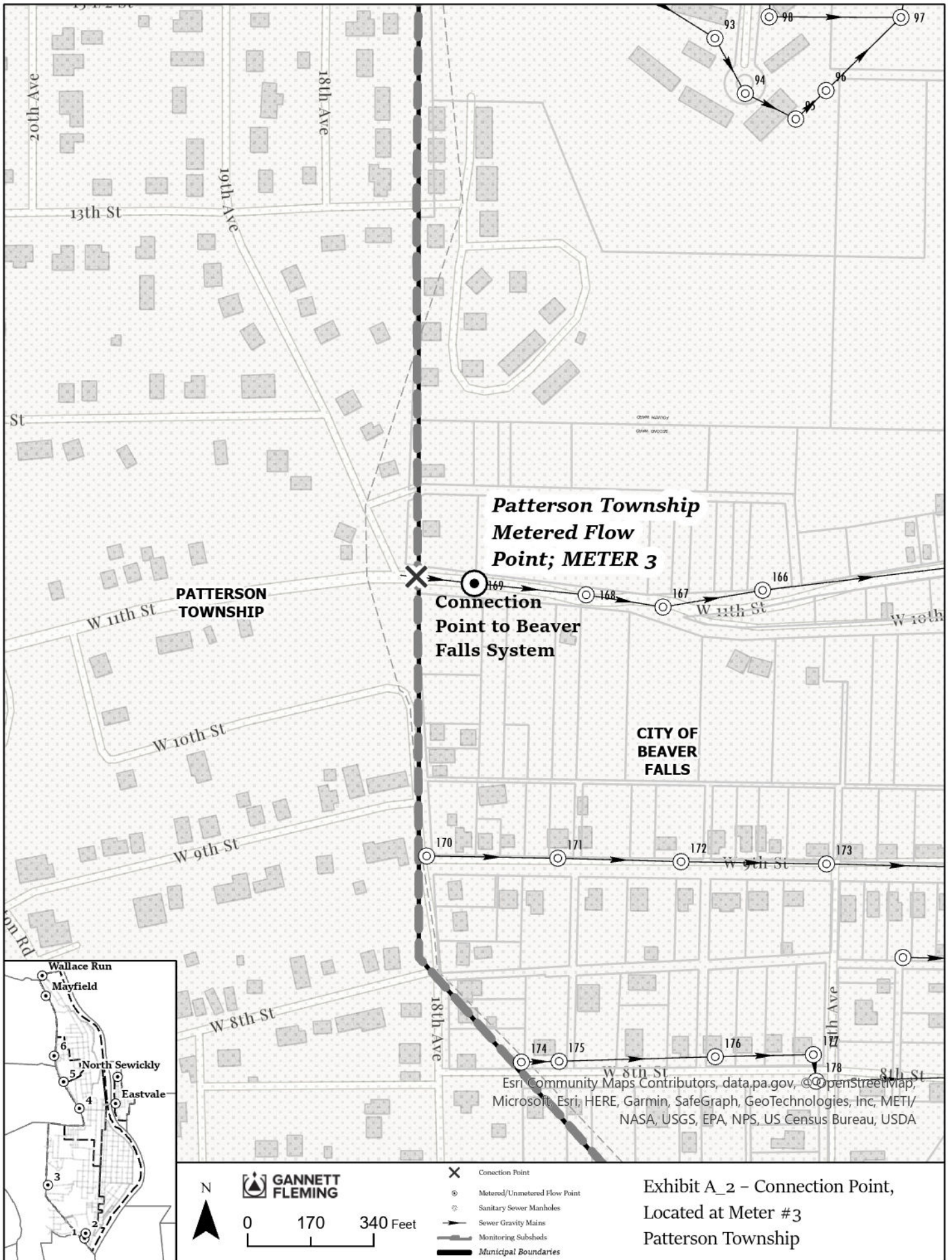
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**GANNETT
FLEMING**

- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subseids
- Municipal Boundaries

**Exhibit A_1 - Connection Point,
Located at Meter #2
Patterson Township**



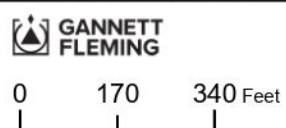
**Patterson Township
Metered Flow
Point; METER 3**

**Connection
Point to Beaver
Falls System**

**CITY OF
BEAVER
FALLS**

**PATTERSON
TOWNSHIP**

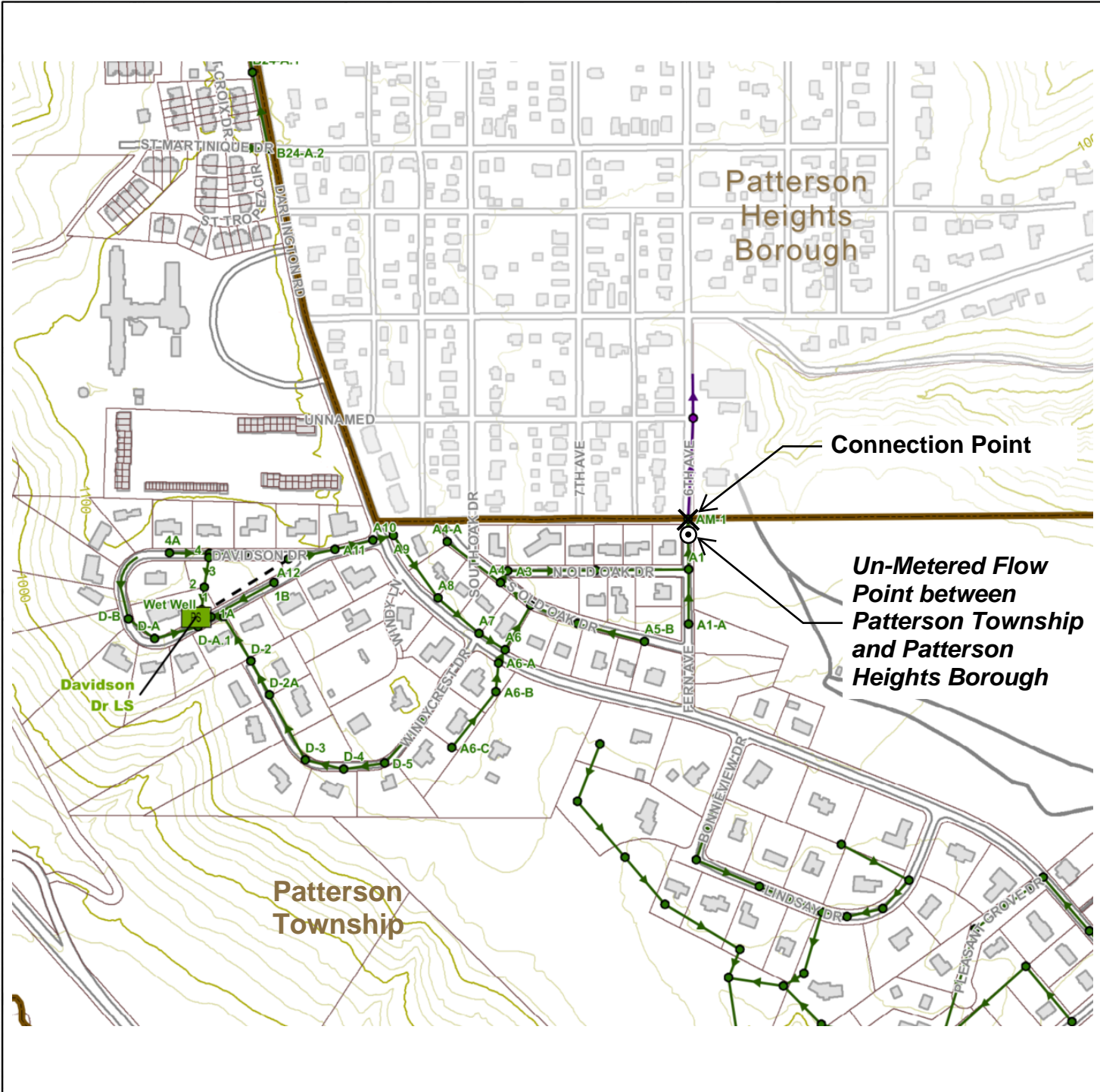
Esri Community Maps Contributors, data.pa.gov, ©OpenStreetMap, Microsoft, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA



**GANNETT
FLEMING**

- X Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subshods
- Municipal Boundaries

**Exhibit A_2 - Connection Point,
Located at Meter #3
Patterson Township**



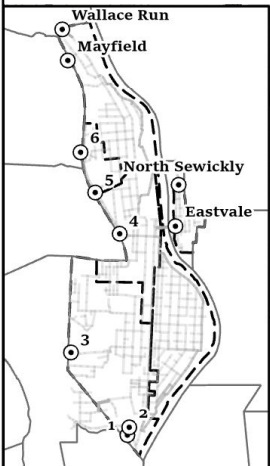
Patterson Heights Borough

Connection Point

Un-Metered Flow Point between Patterson Township and Patterson Heights Borough

Patterson Township

Davidson Dr LS

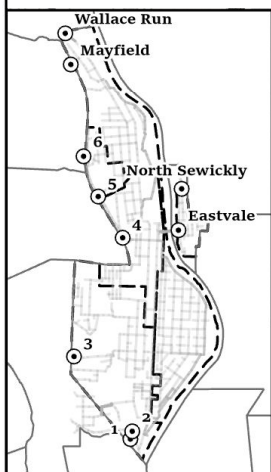
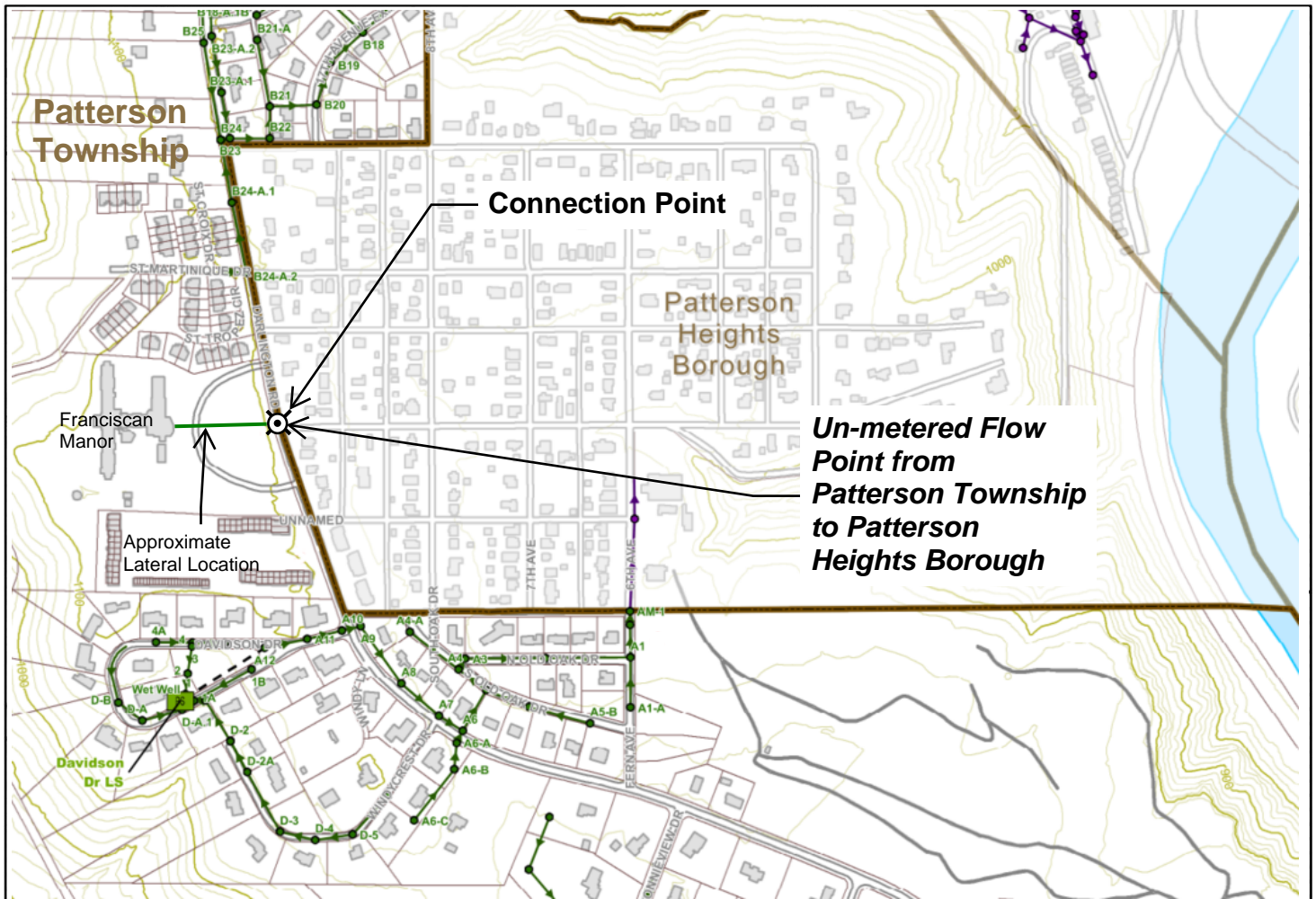


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_3 - Connection Point Located at 6th Ave/Fern Ave & Old Oak Drive North Patterson Township

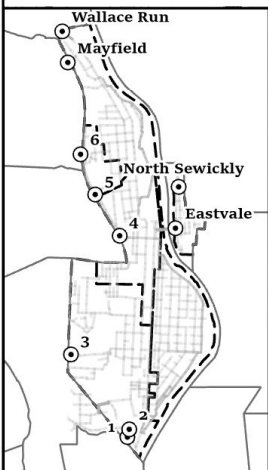
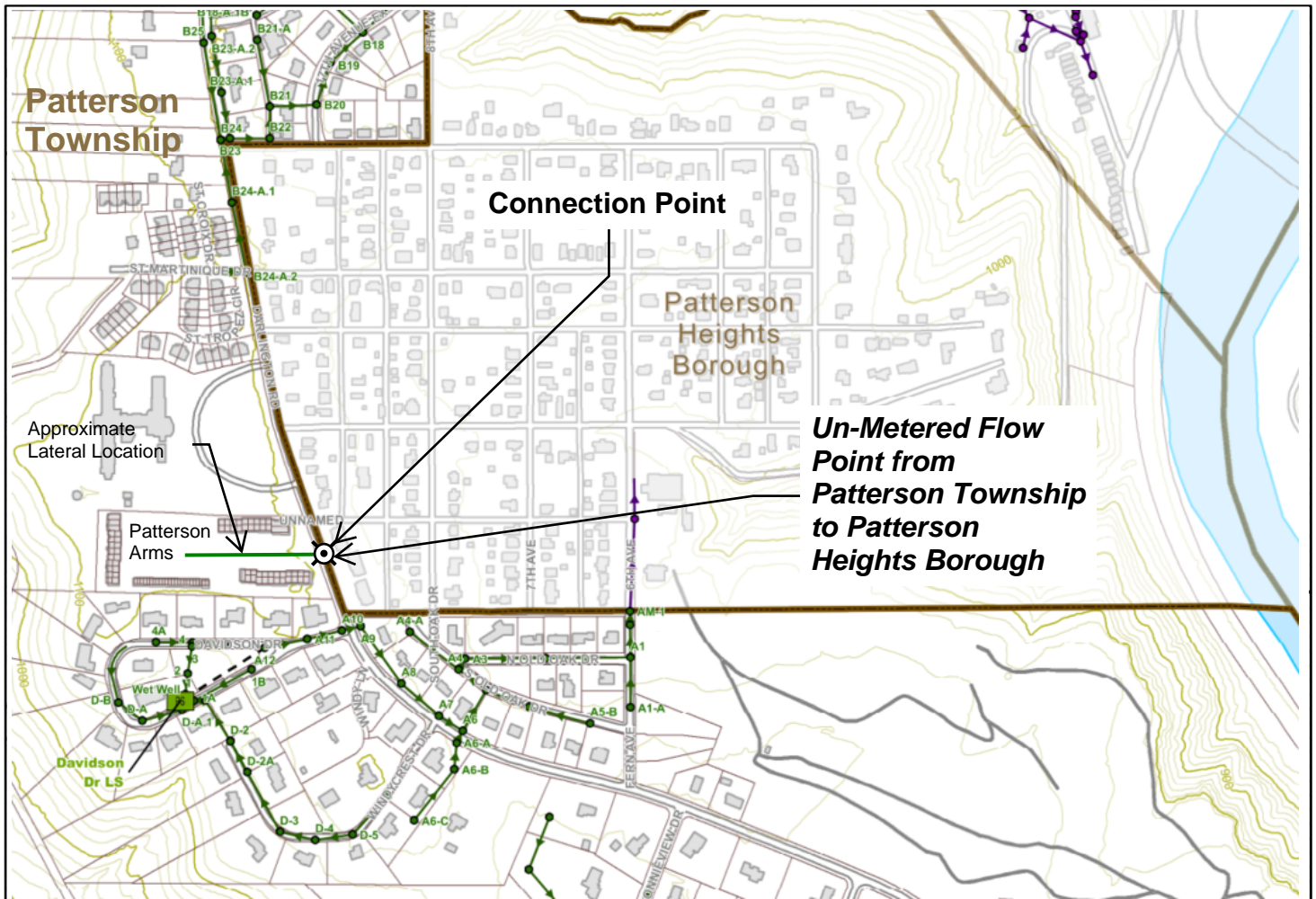


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_4 - Connection Point Located at Franciscan Manor Patterson Township



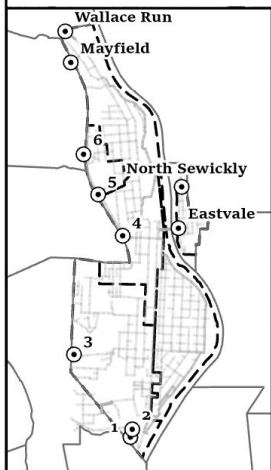
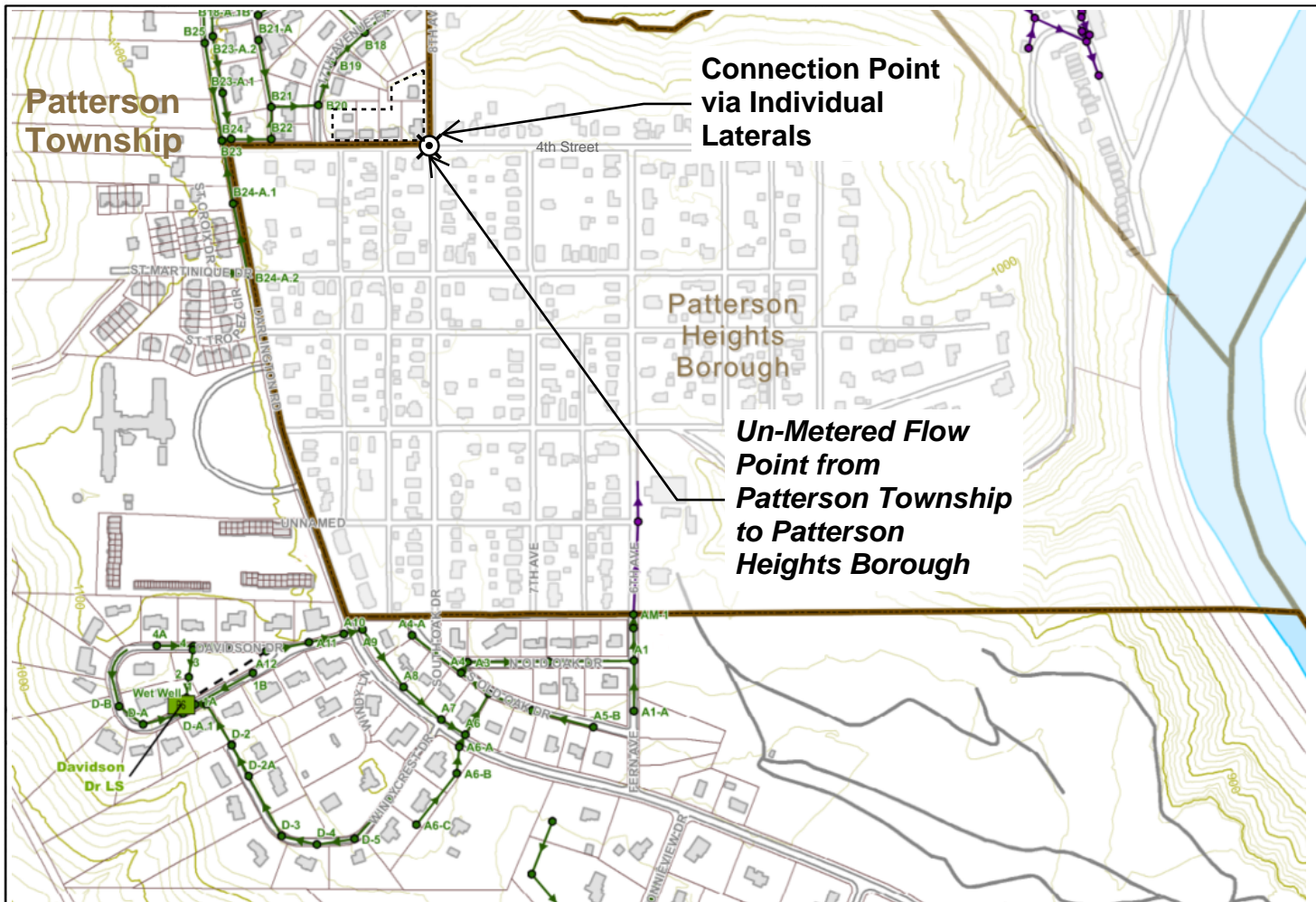
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GANNETT FLEMING

NOT TO SCALE

	Connection Point
	Metered/Unmetered Flow Point
	Sanitary Sewer Manholes
	Sewer Gravity Mains
	Monitoring Subsheds
	Municipal Boundaries

Exhibit A_5 - Connection Point Located at Patterson Arms Patterson Township

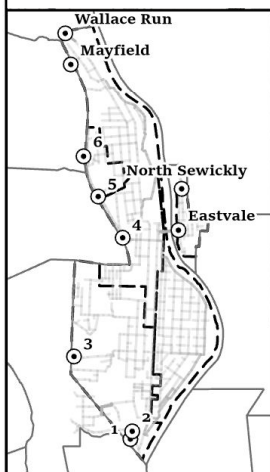
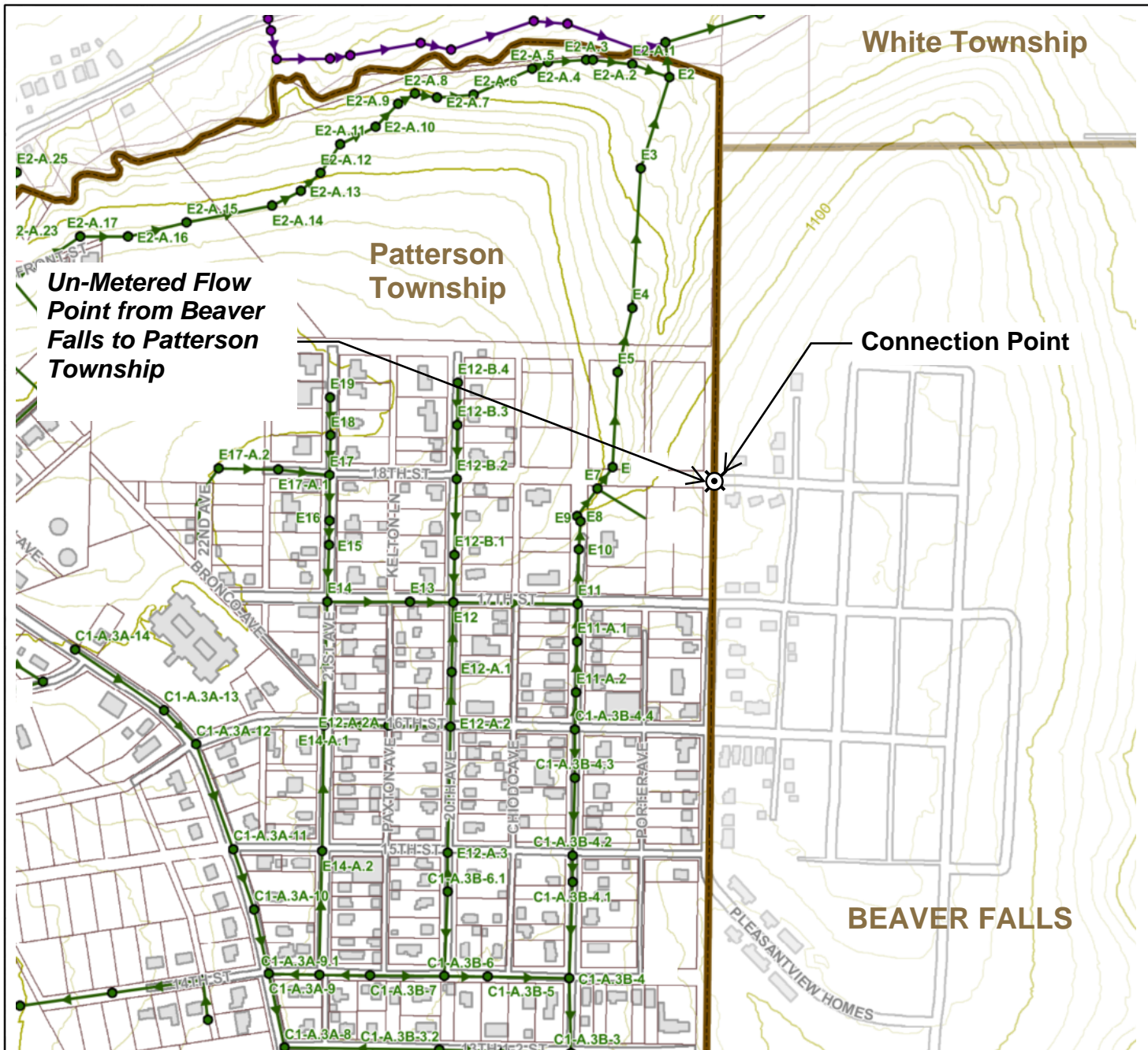


GANNETT FLEMING

NOT TO SCALE

- Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_6 - Connection Point via Individual Laterals, Located at Fourth Street and 8th Ave Patterson Township



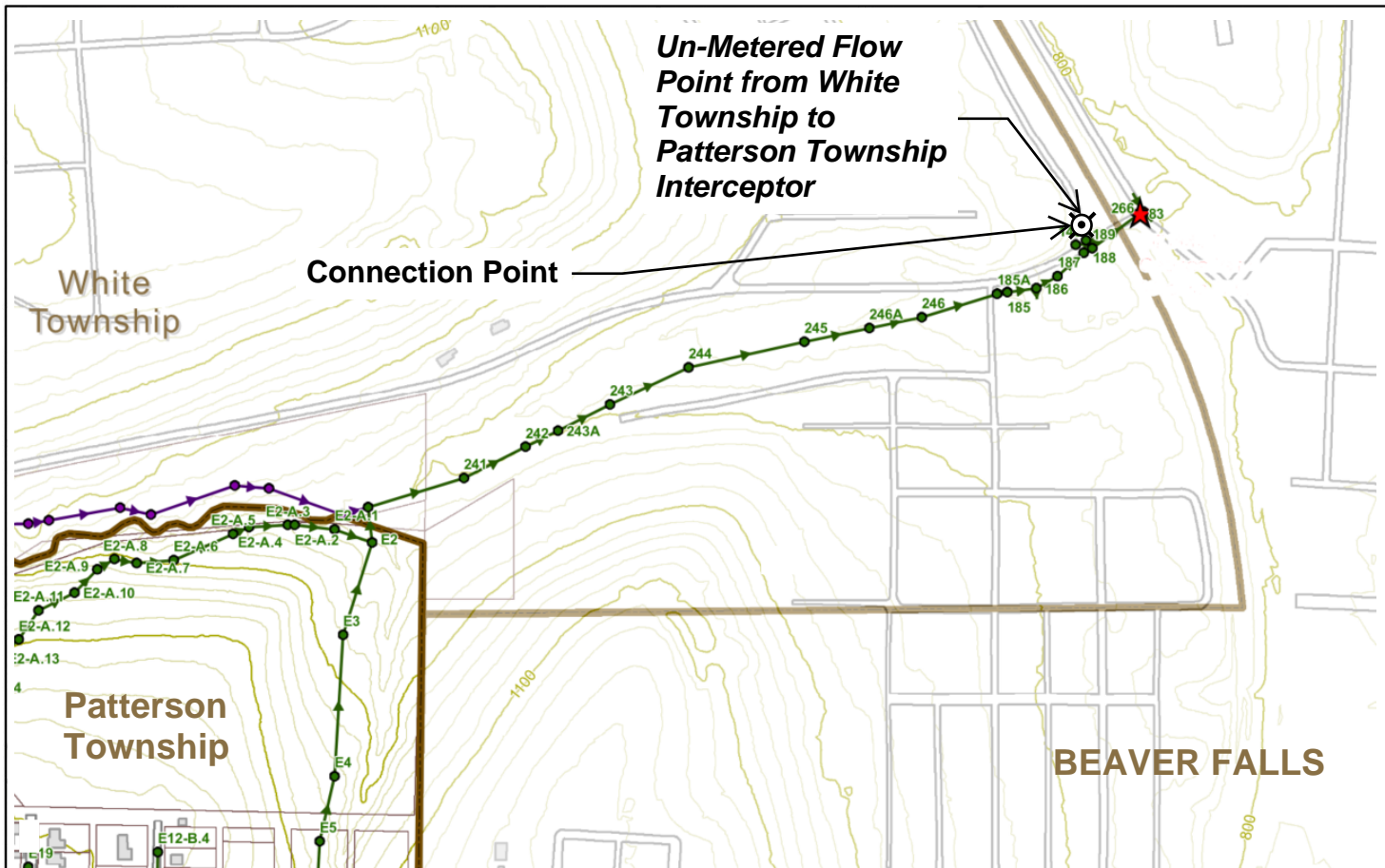
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GANNETT FLEMING

NOT TO SCALE

<ul style="list-style-type: none"> ⊗ Connection Point ⊙ Metered/Unmetered Flow Point ⊙ Sanitary Sewer Manholes — Sewer Gravity Mains — Monitoring Subsheds — Municipal Boundaries 	<ul style="list-style-type: none"> ⊗ Connection Point ⊙ Metered/Unmetered Flow Point ⊙ Sanitary Sewer Manholes — Sewer Gravity Mains — Monitoring Subsheds — Municipal Boundaries
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Exhibit A_7 - Connection Point Located at 19th Ave and North of 17th Street, MH E7 Patterson Township



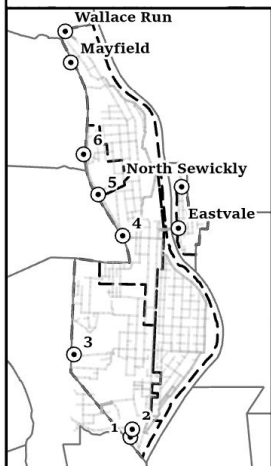
Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

White Township

Patterson Township

BEAVER FALLS

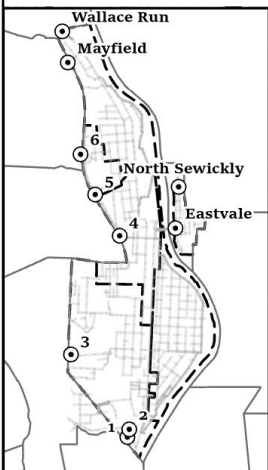
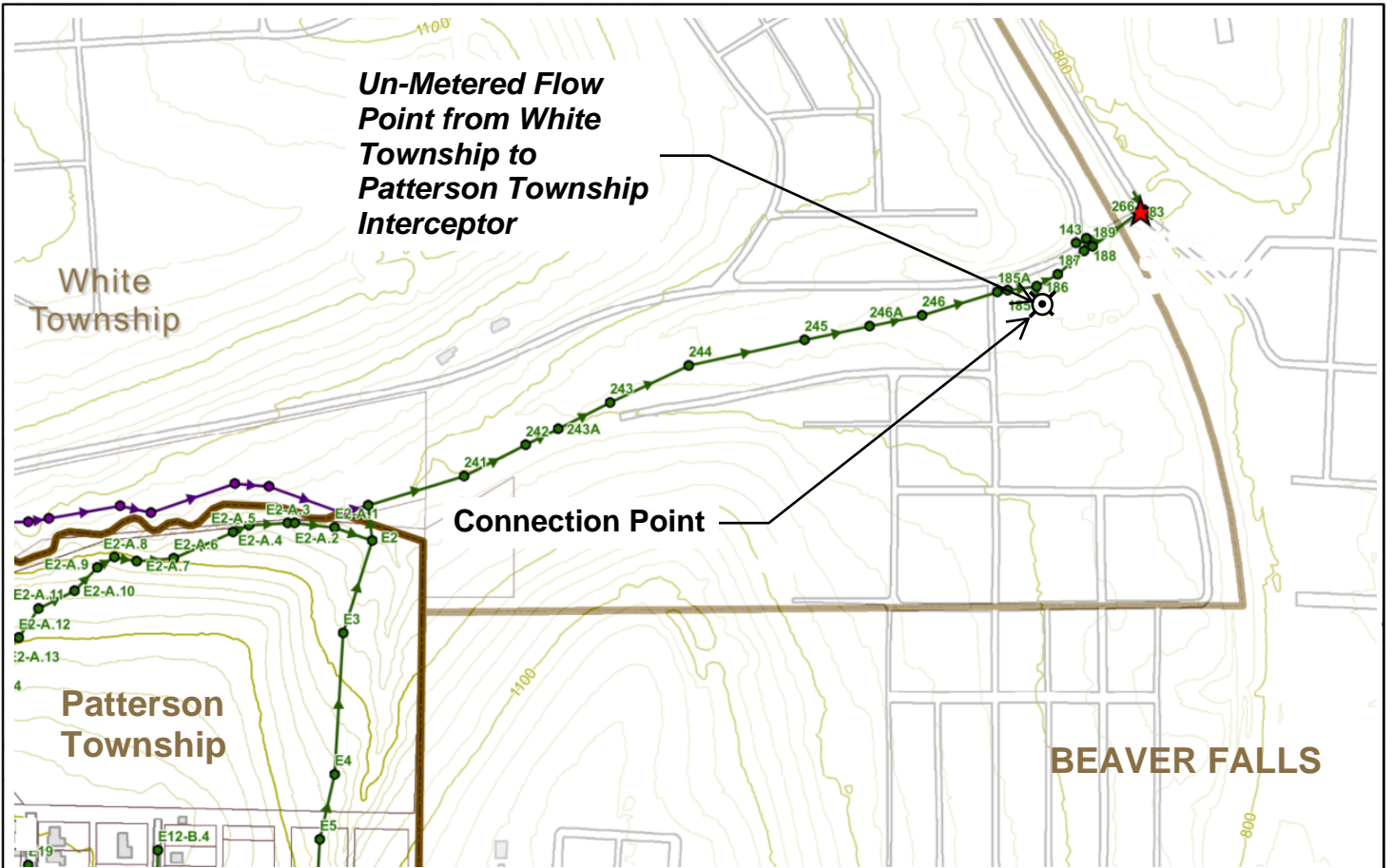


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_8 - Connection Point Located at Steffin Hill Road, MH E189 Patterson Township

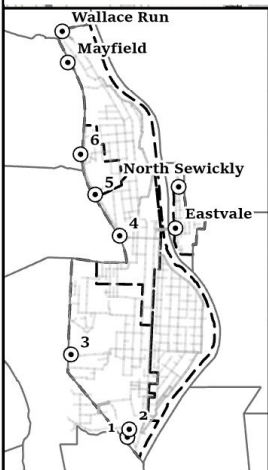
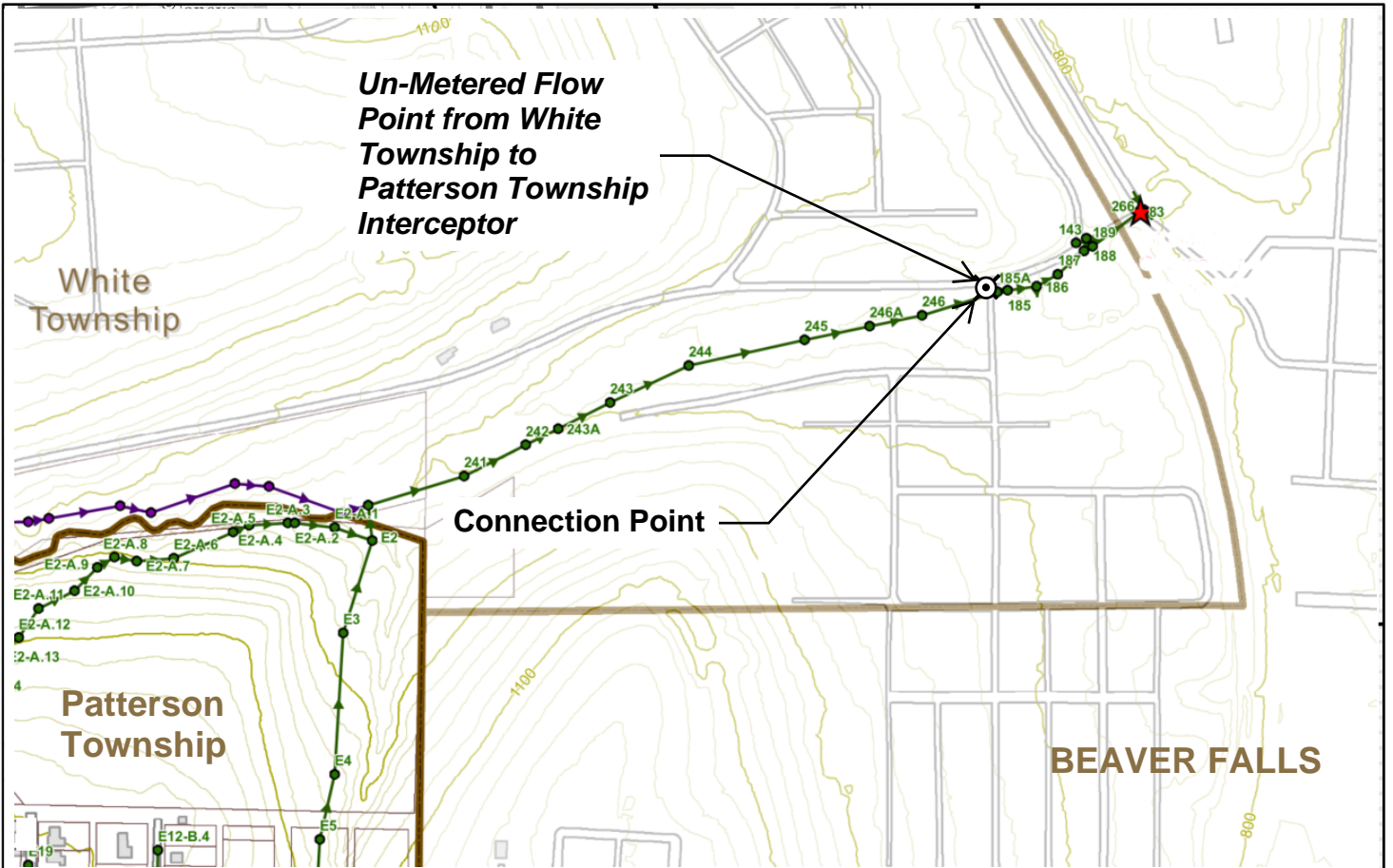


GANNETT FLEMING

NOT TO SCALE

X Connection Point
 ⊙ Metered/Unmetered Flow Point
 ⊙ Sanitary Sewer Manholes
 — Sewer Gravity Mains
 — Monitoring Subsheds
 — Municipal Boundaries

Exhibit A_9 - Connection Point Located at Steffin Hill Road, MH E186 Patterson Township

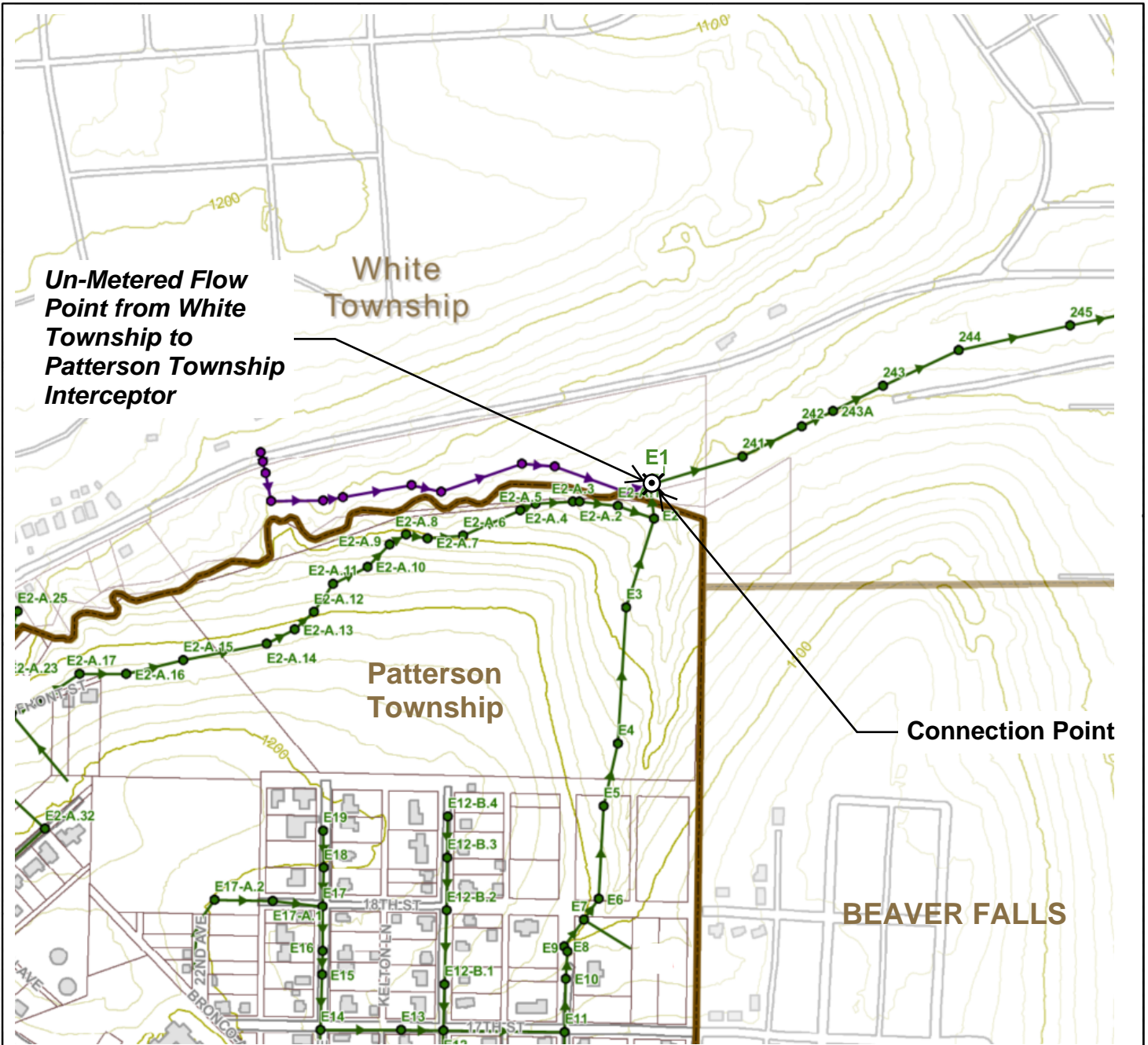


GANNETT FLEMING

NOT TO SCALE

X Connection Point
 ⊙ Metered/Unmetered Flow Point
 ⊙ Sanitary Sewer Manholes
 — Sewer Gravity Mains
 — Monitoring Subsheds
 — Municipal Boundaries

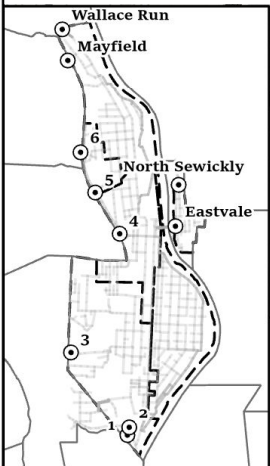
Exhibit A_10 - Connection Point Located at Steffin Hill Road, MH E185A Patterson Township



Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

BEAVER FALLS

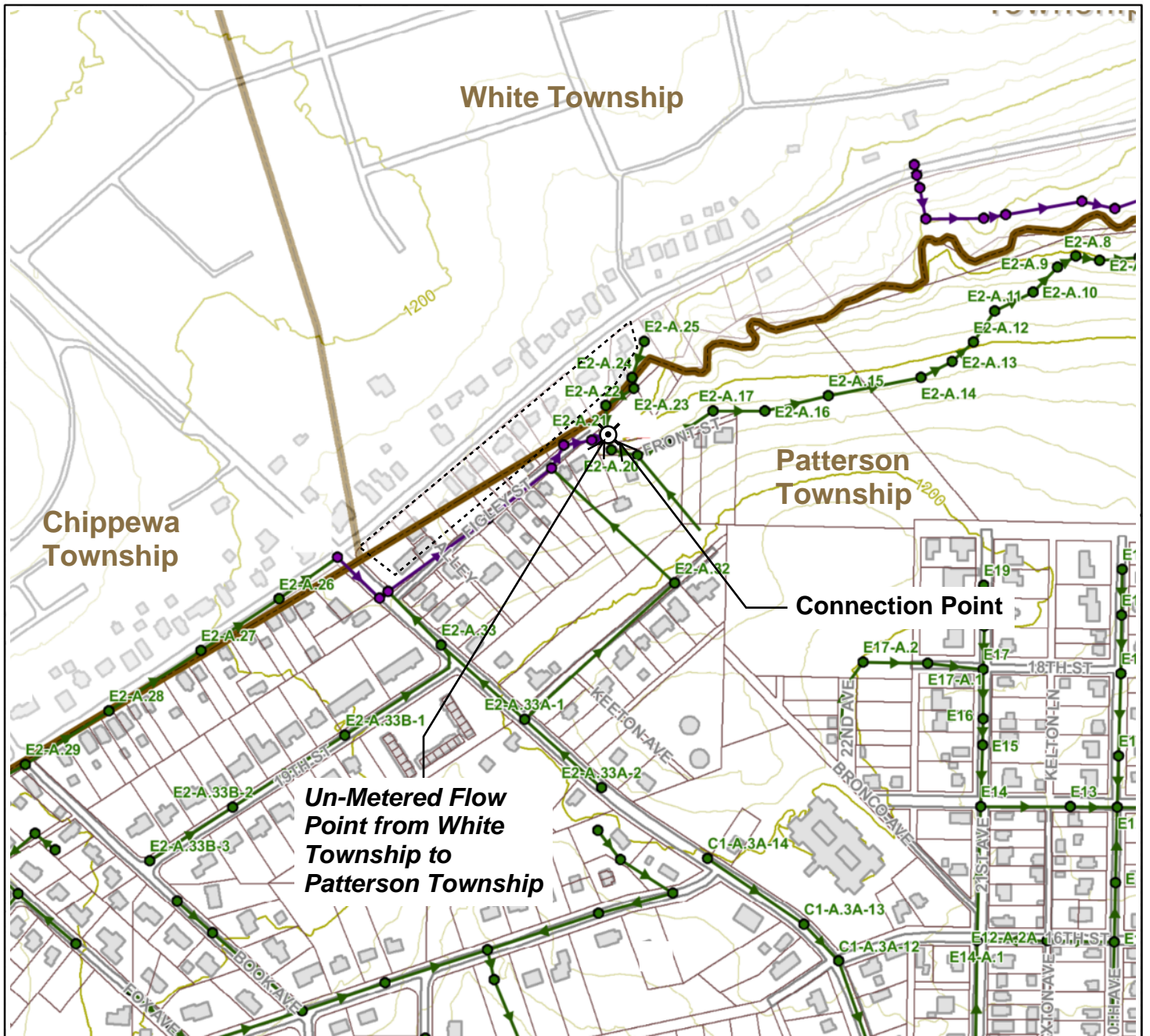


GANNETT FLEMING

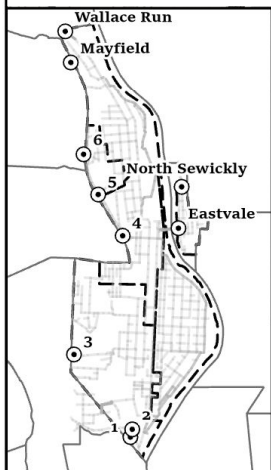
NOT TO SCALE

- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

Exhibit A_11 - Connection Point Located at NE Corner of Patterson Township, MH E1 Patterson Township



Un-Metered Flow Point from White Township to Patterson Township

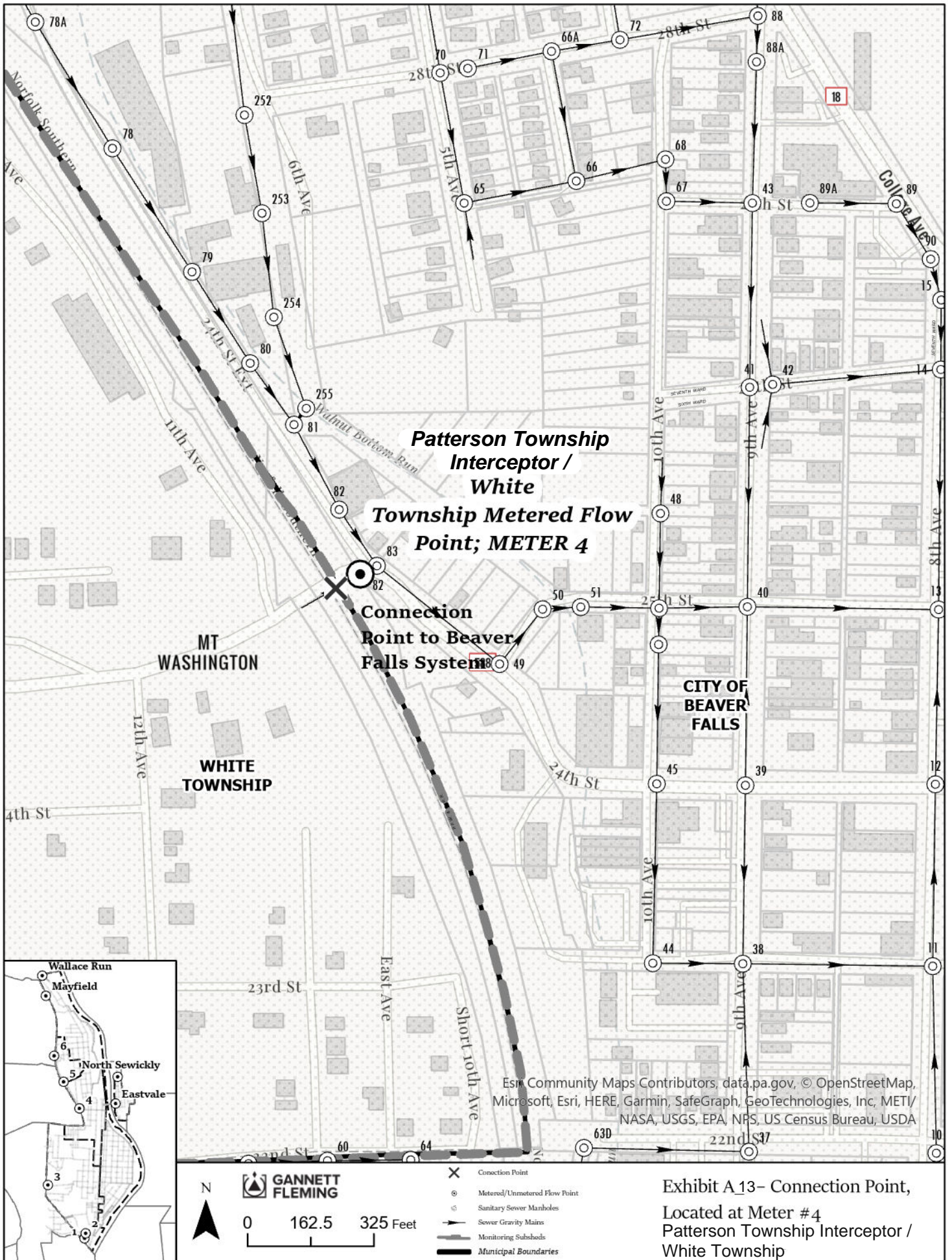


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- ▬ Monitoring Subsheds
- ▬ Municipal Boundaries

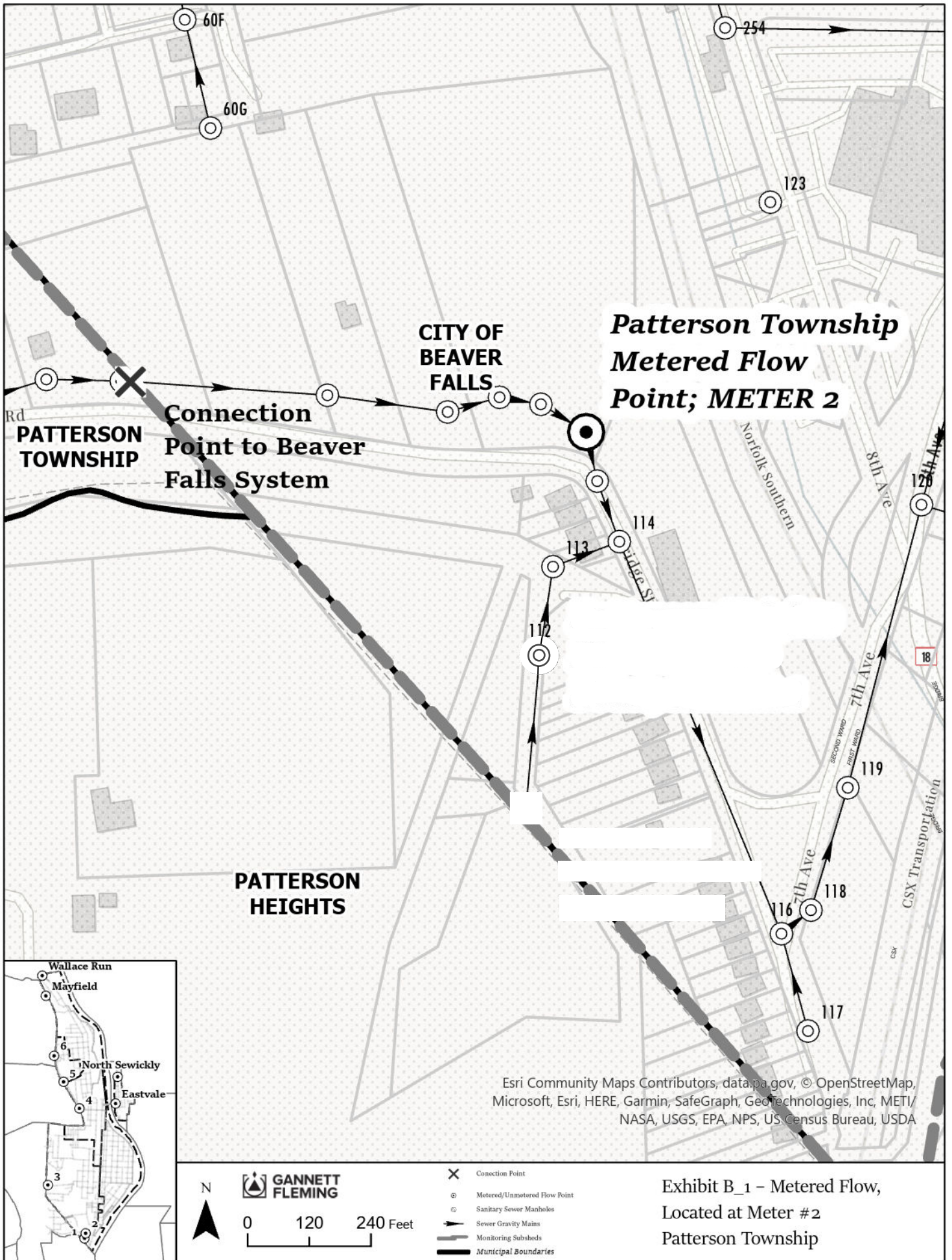
Exhibit A_12 - Connection Point Located at Figley St and Front St, MH E2-A.21 Patterson Township

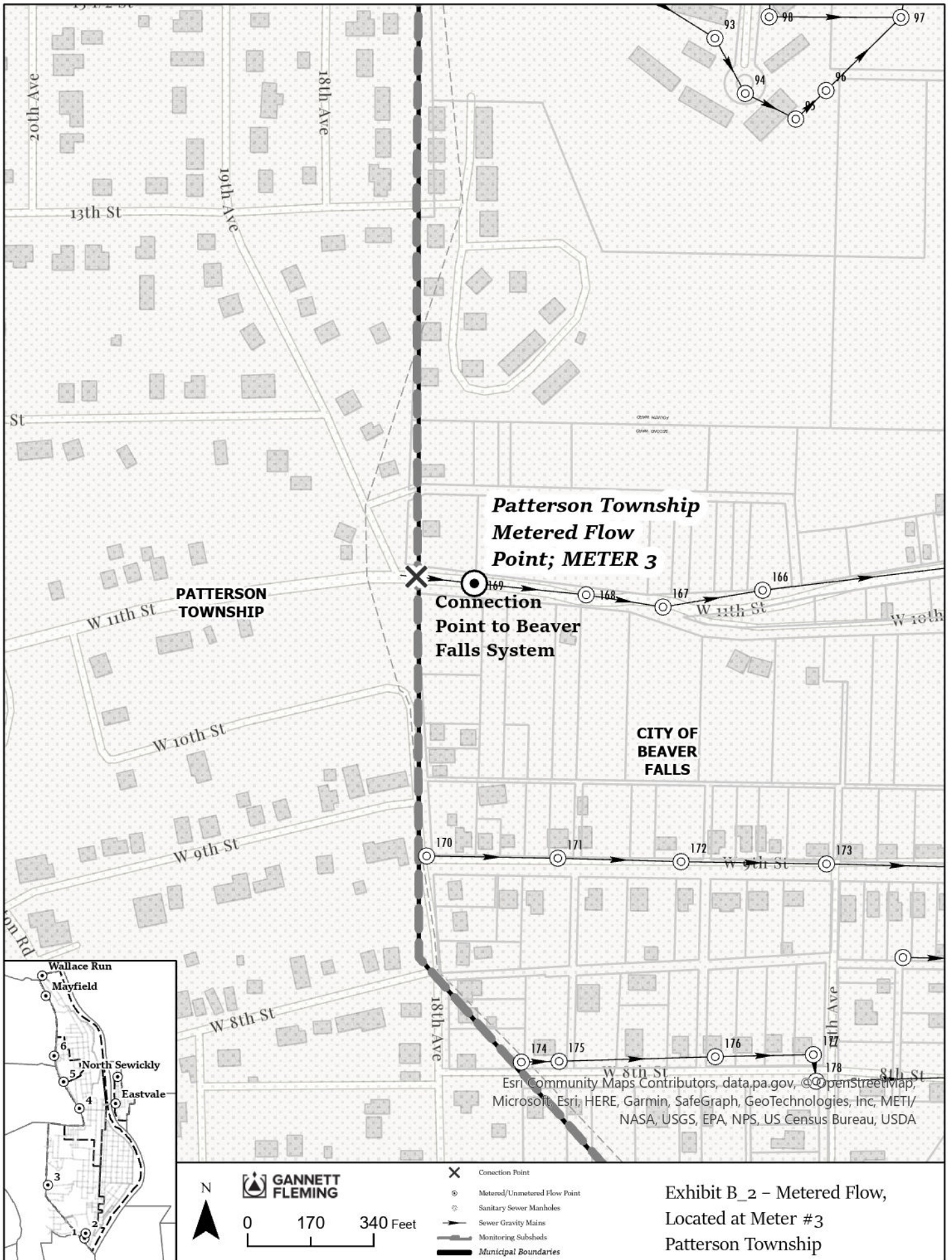


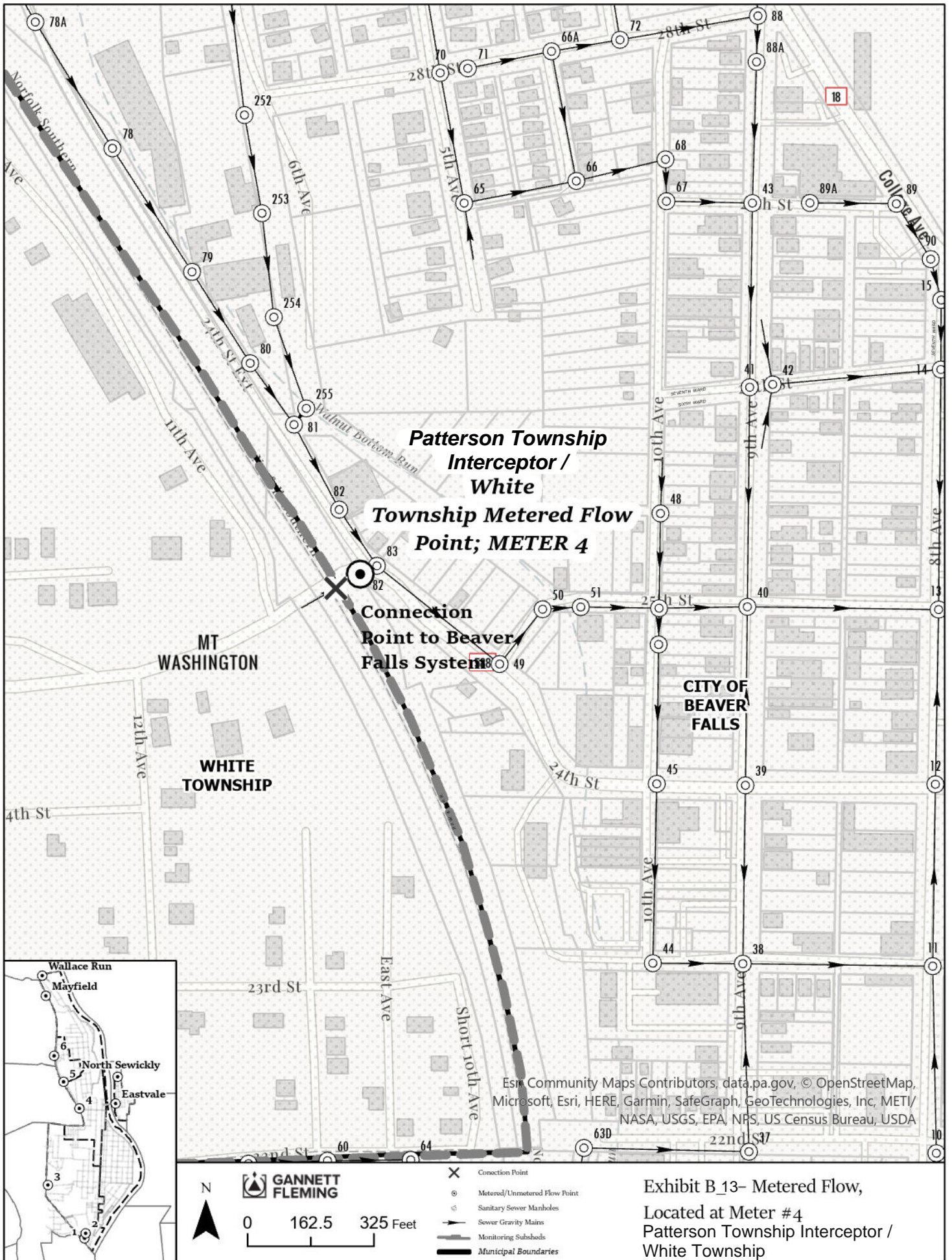
**Exhibit A13- Connection Point,
Located at Meter #4
Patterson Township Interceptor /
White Township**

EXHIBIT B
CONNECTION POINTS HAVING FLOW METERS

Attached







**Patterson Township
Interceptor /
White
Township Metered Flow
Point; METER 4**

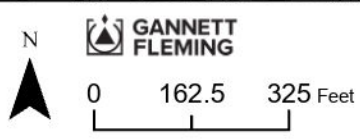
**Connection
Point to Beaver
Falls System**

**CITY OF
BEAVER
FALLS**

**MT
WASHINGTON**

**WHITE
TOWNSHIP**

Esri, Community Maps Contributors, data.pa.gov, © OpenStreetMap, Microsoft, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA

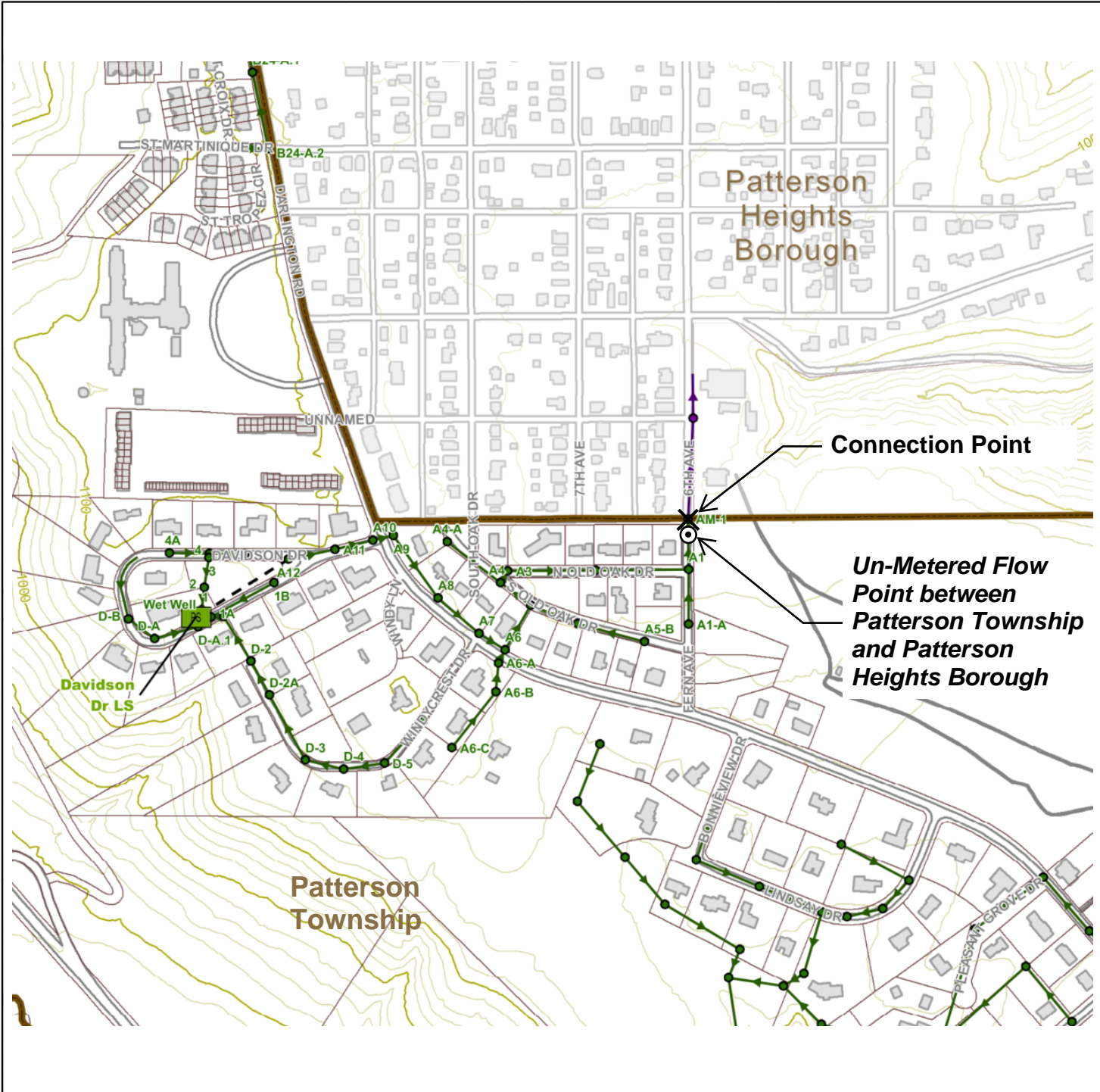


- X Connection Point
- Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- ⊙ Sewer Gravity Mains
- ▬ Monitoring Subbeds
- ▬ Municipal Boundaries

**Exhibit B_13- Metered Flow,
Located at Meter #4
Patterson Township Interceptor /
White Township**

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

Attached



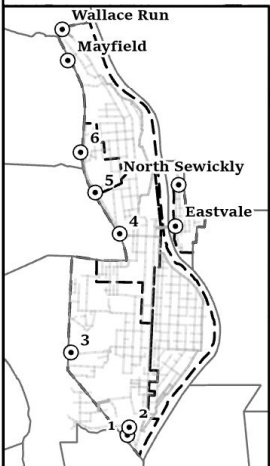
Patterson Heights Borough

Connection Point

Un-Metered Flow Point between Patterson Township and Patterson Heights Borough

Patterson Township

Davidson Dr LS

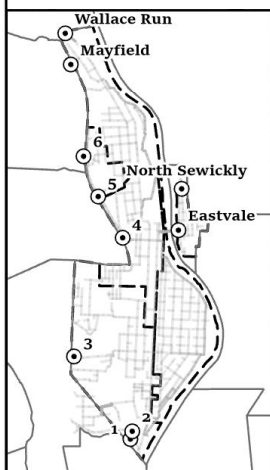
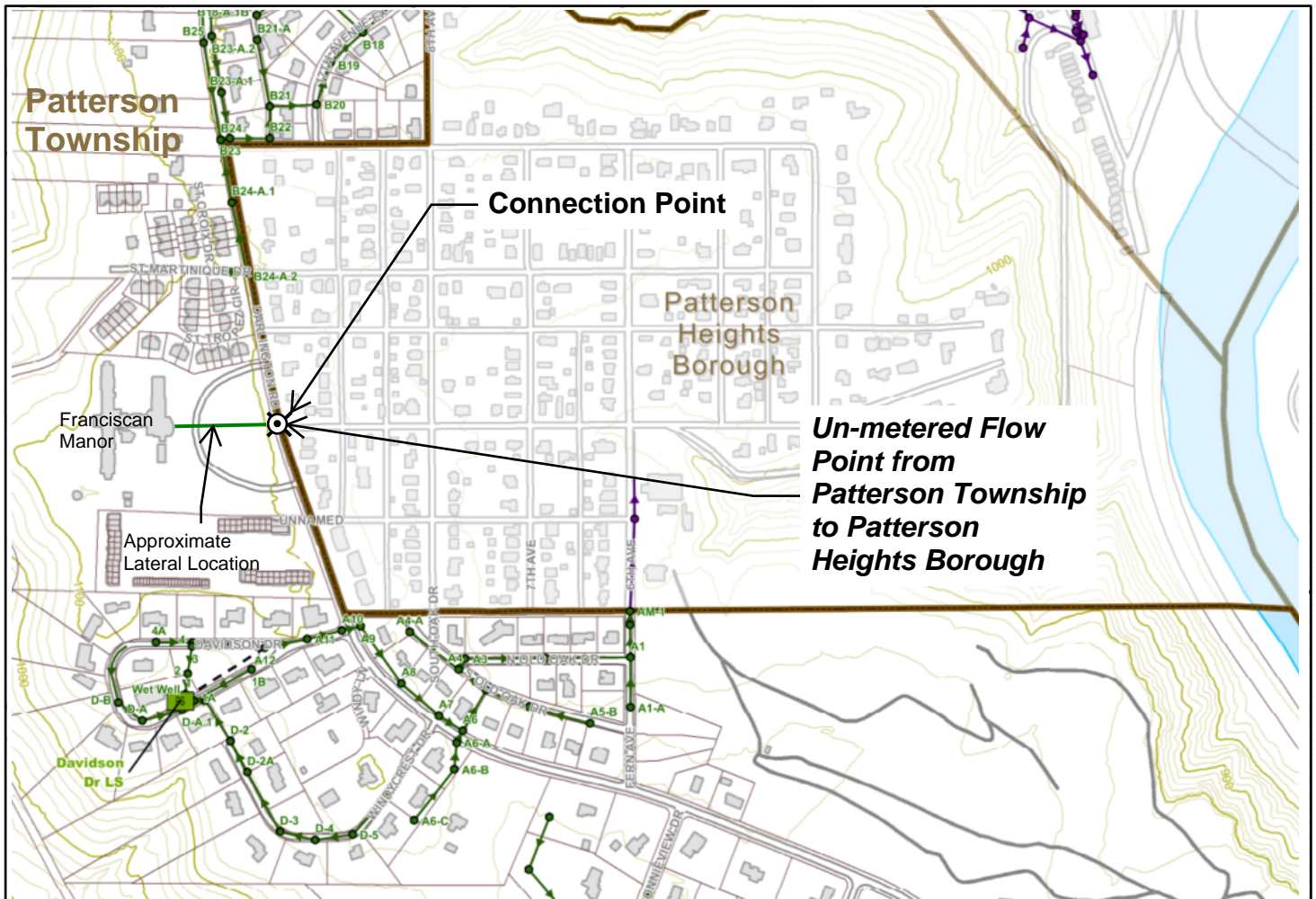


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

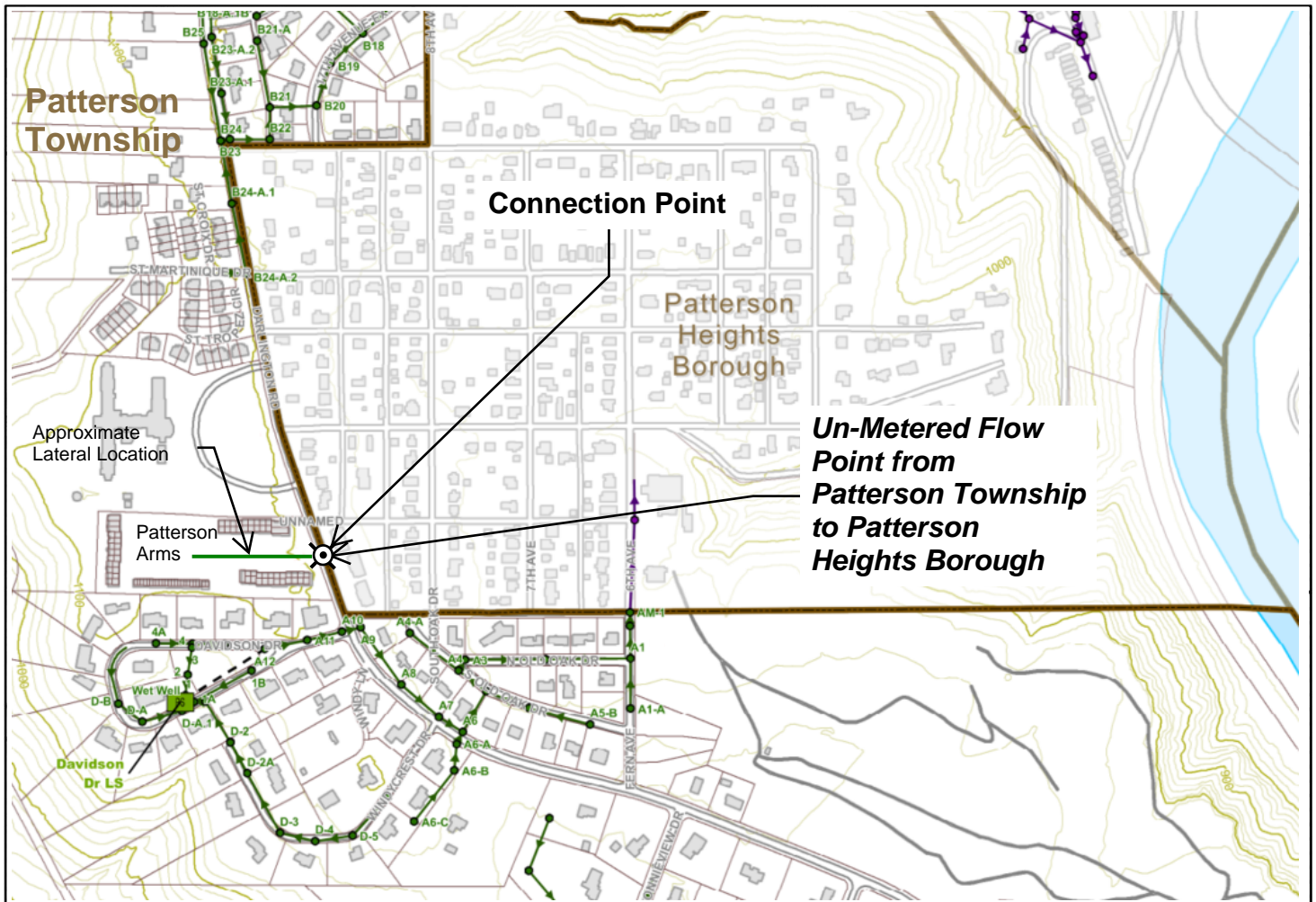
Exhibit C_3 - Un-Metered Flow Located at 6th Ave/Fern Ave & Old Oak Drive North Patterson Township



NOT TO SCALE

X	Connection Point
⊙	Metered/Unmetered Flow Point
⊙	Sanitary Sewer Manholes
—	Sewer Gravity Mains
—	Monitoring Substeds
—	Municipal Boundaries

Exhibit C_4 - Un-metered Flow Located at Franciscan Manor Patterson Township



Patterson Township

Connection Point

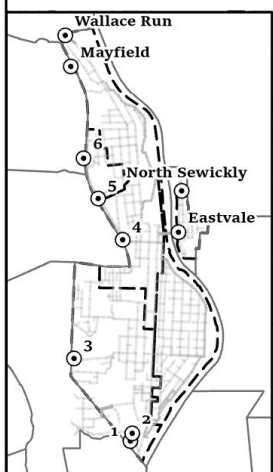
Patterson Heights Borough

Approximate Lateral Location

Patterson Arms

Un-Metered Flow Point from Patterson Township to Patterson Heights Borough

Davidson Dr LS

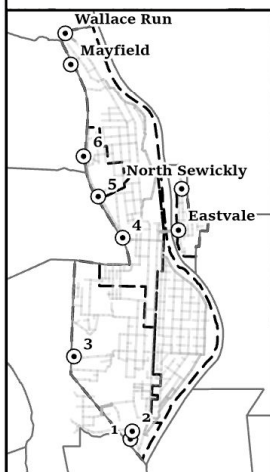
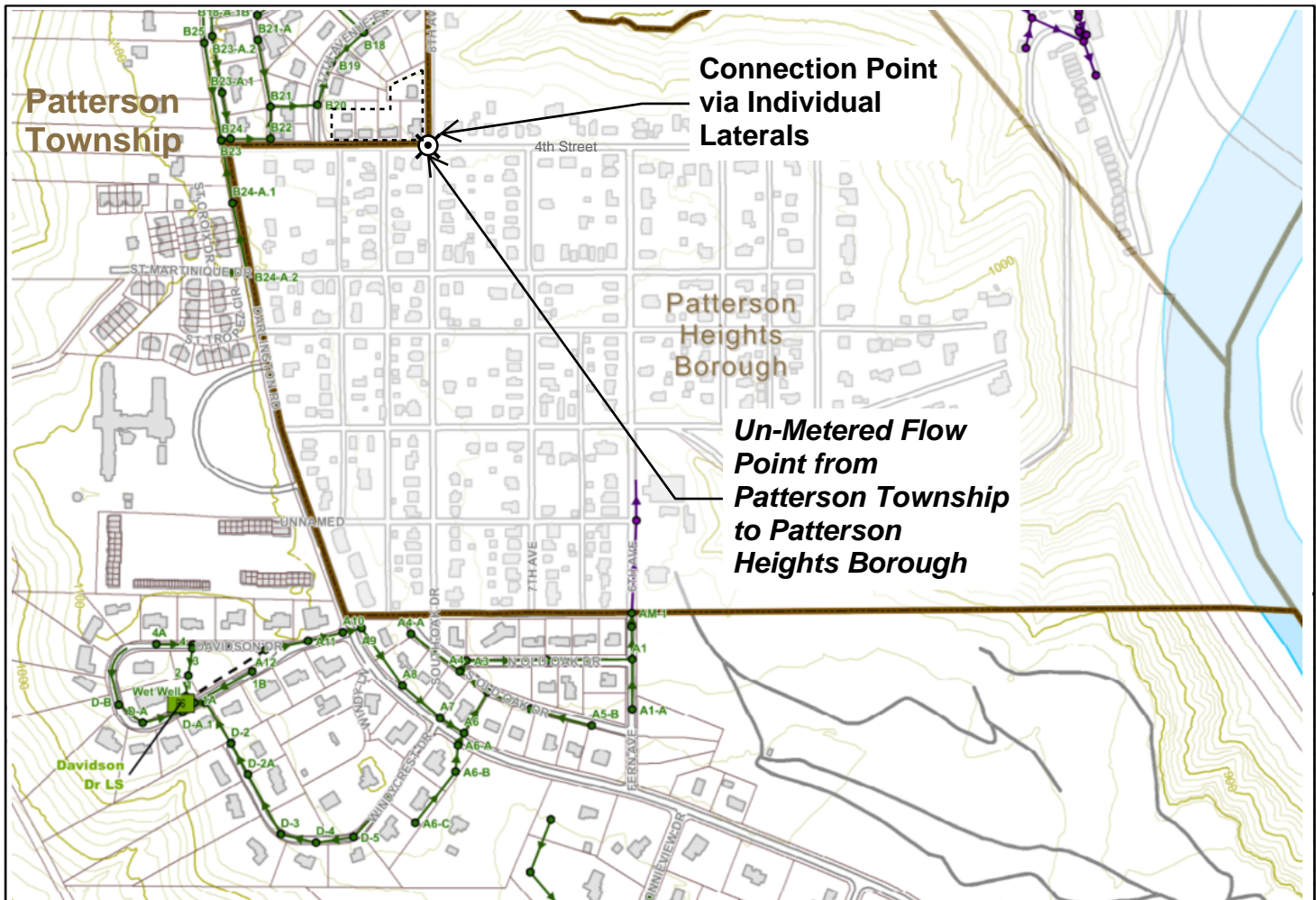




GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_5 - Un-metered Flow Located at Patterson Arms Patterson Township



NOT TO SCALE













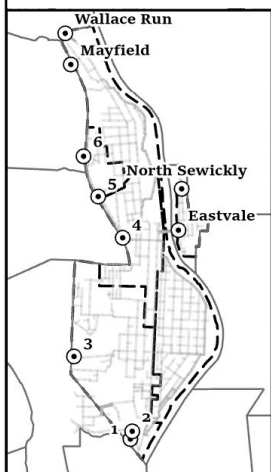
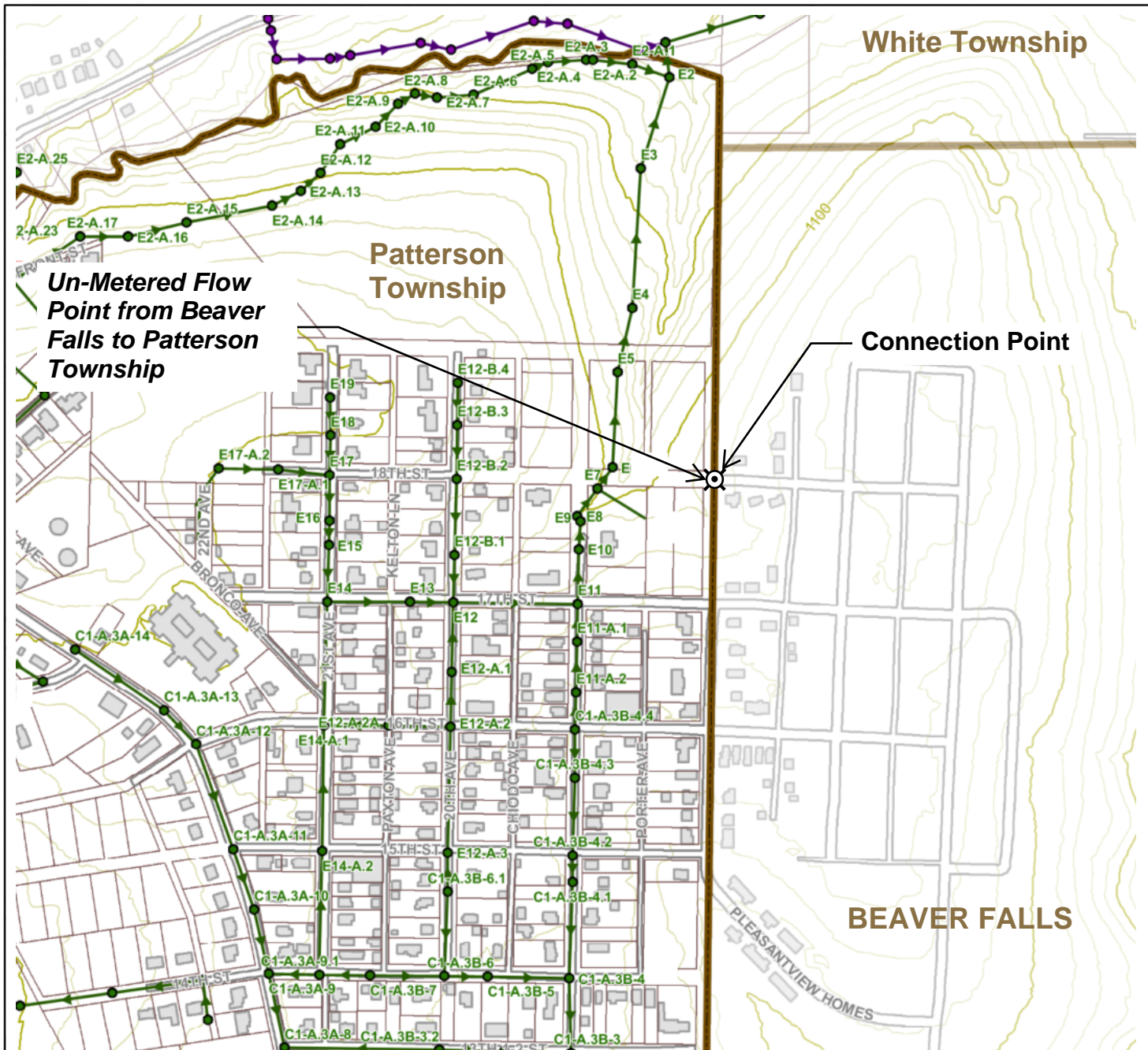
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Exhibit C_6 - Un-metered Flow via Individual Laterals, Located at Fourth Street and 8th Ave Patterson Township

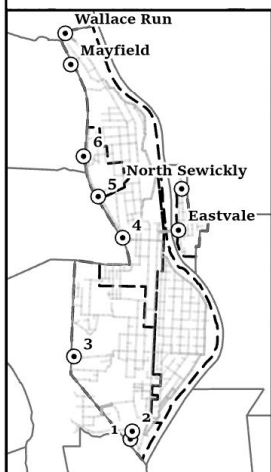
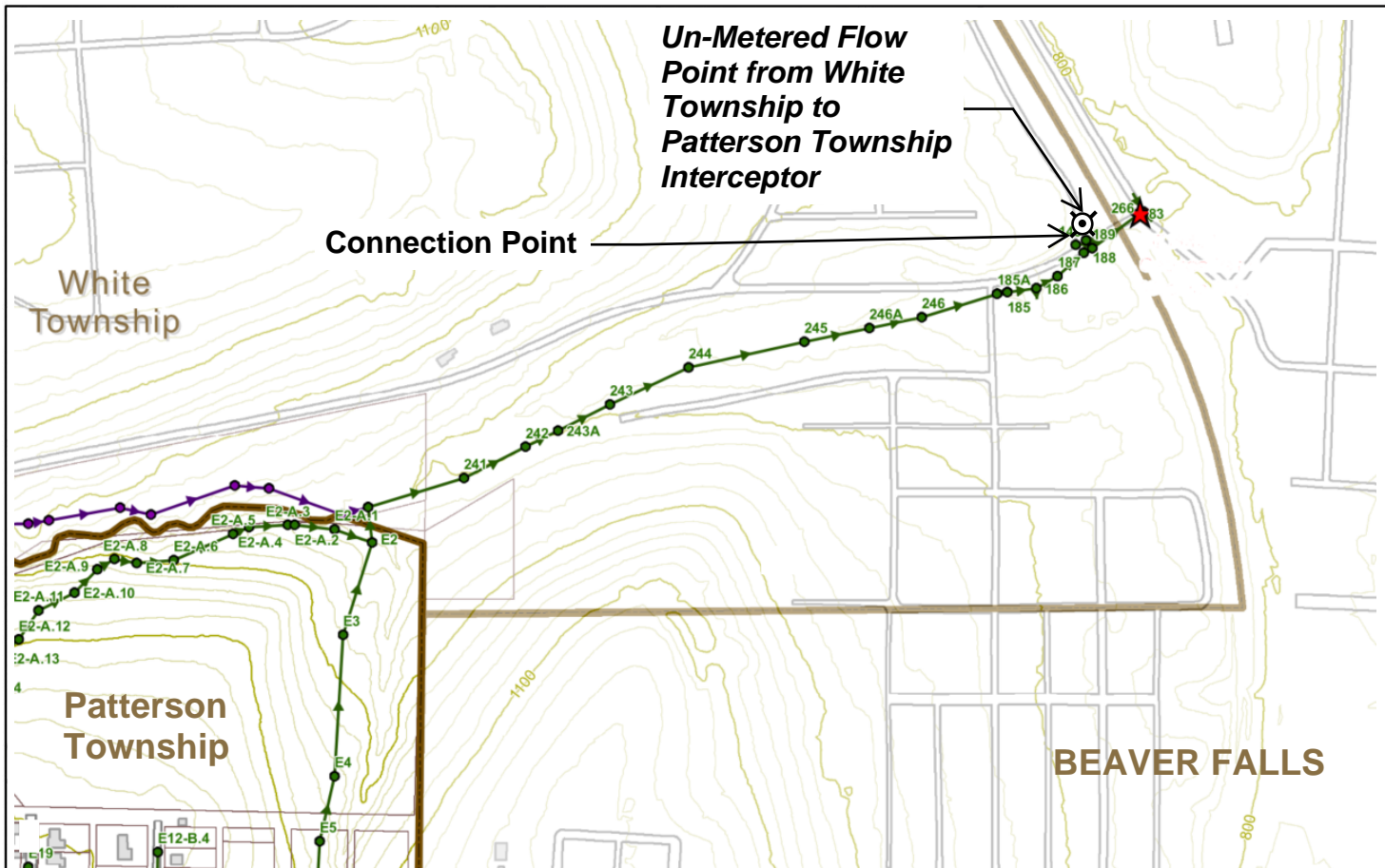


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C - Un-metered Flow Located at 19th Ave and North of 17th Street, MH E7 Patterson Township

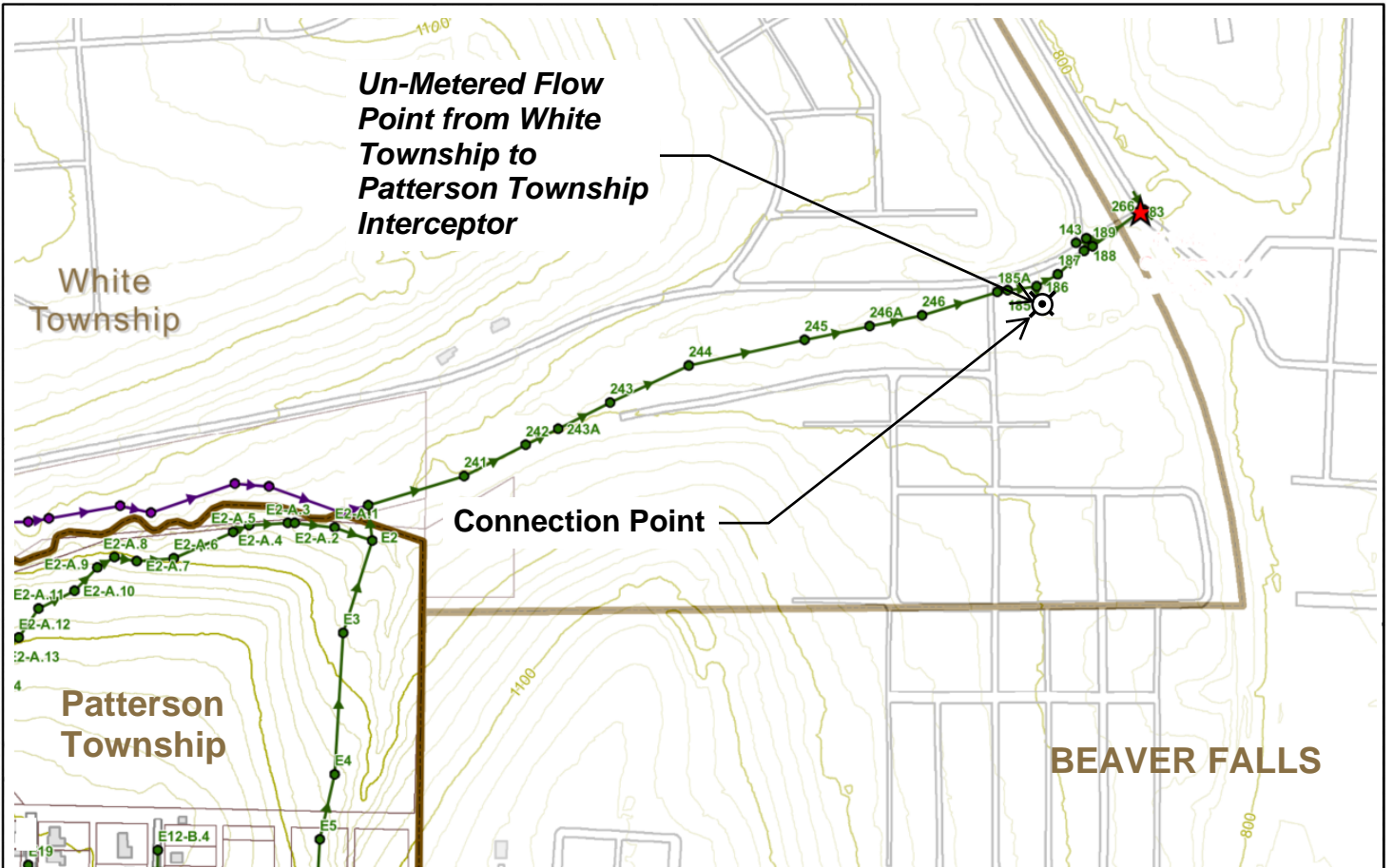


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- ▬ Municipal Boundaries

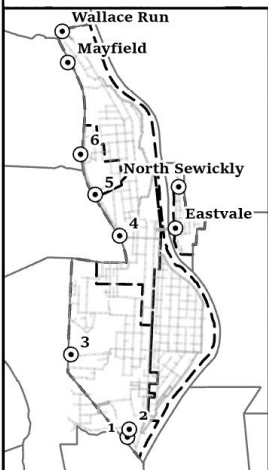
Exhibit C_8 - Un-metered Flow Located at Steffin Hill Road, MH E189 Patterson Township



Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

BEAVER FALLS

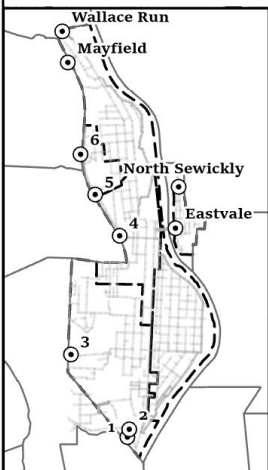
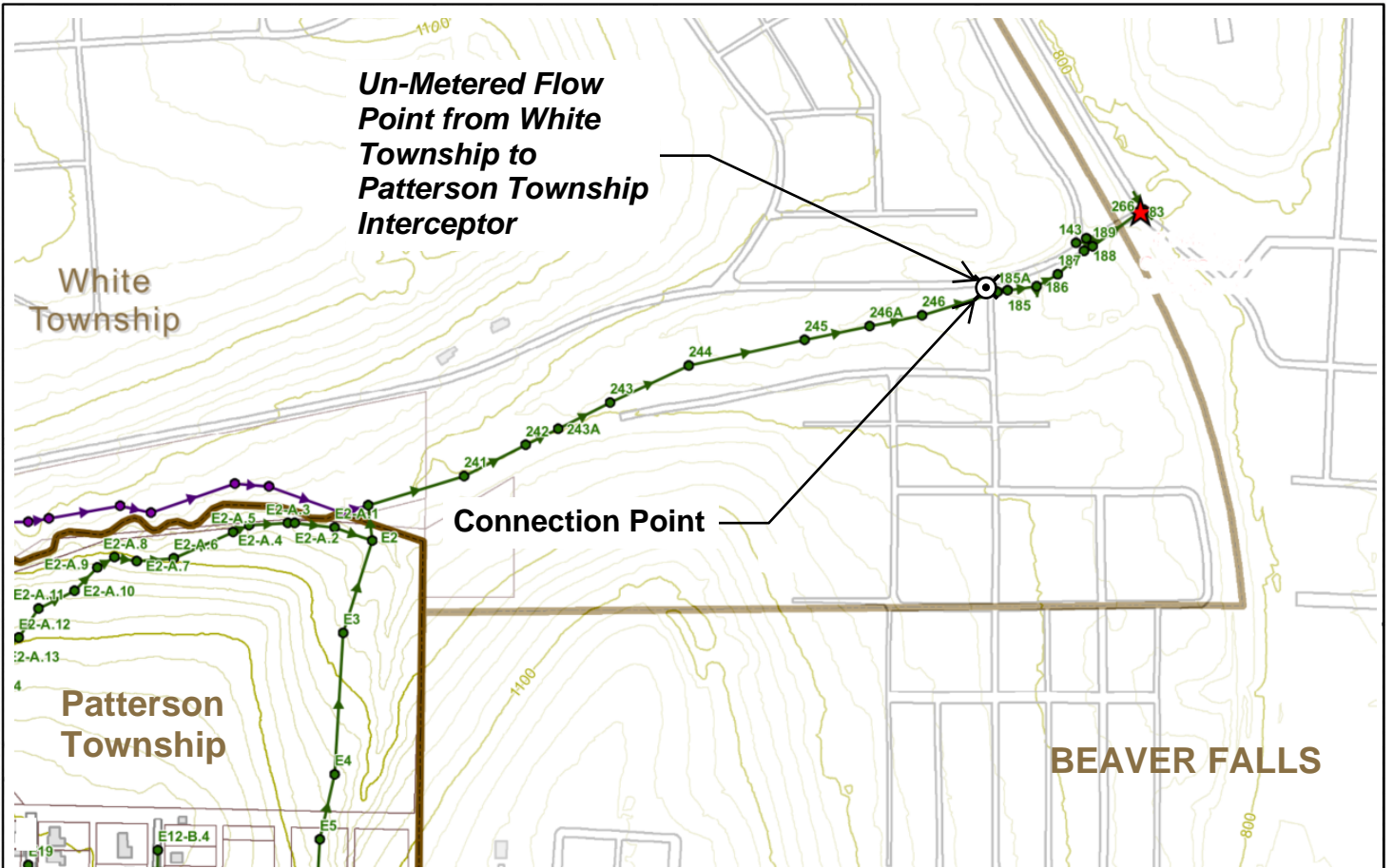


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_9 - Un-metered Flow Located at Steffin Hill Road, MH E186 Patterson Township

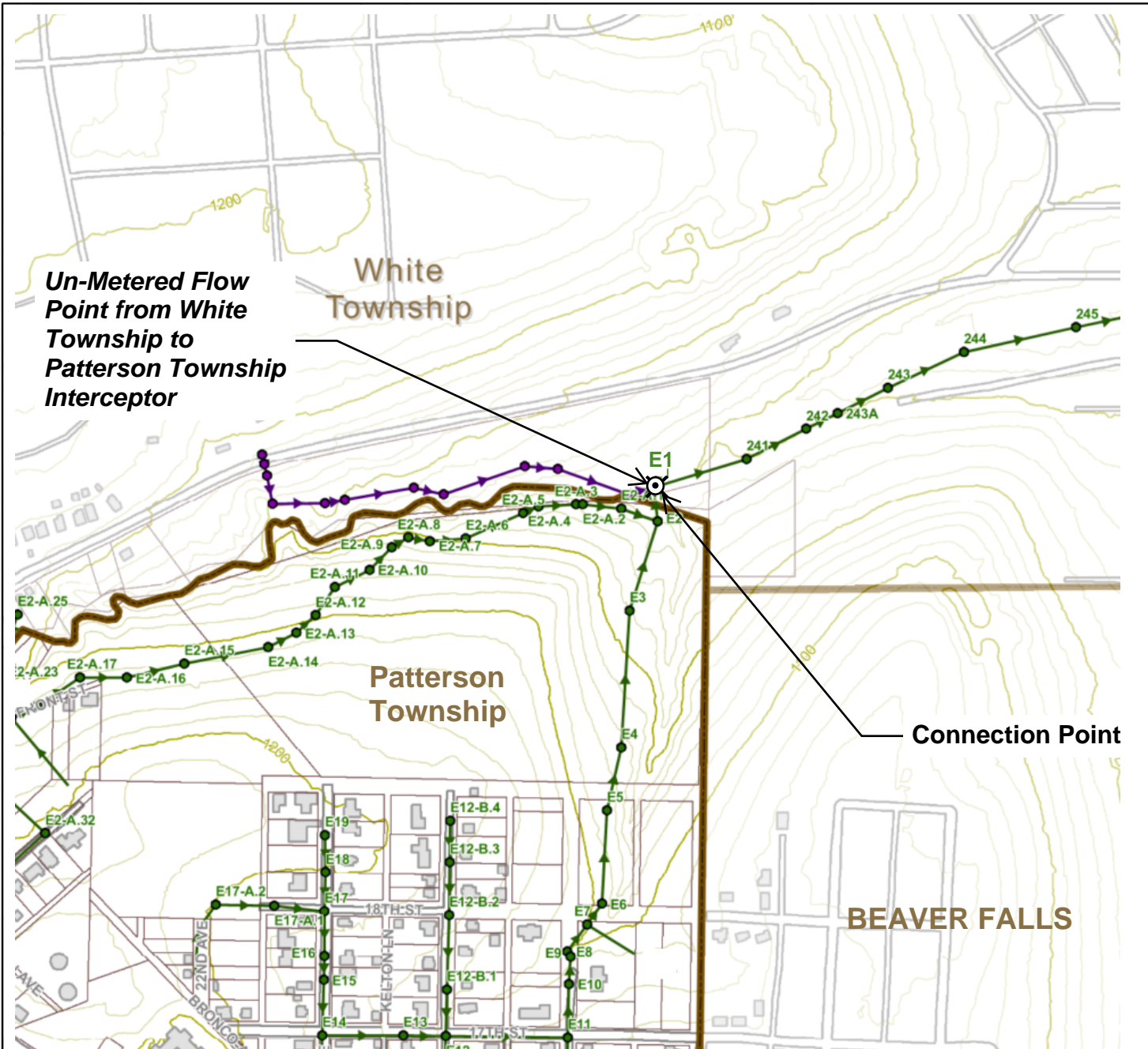


GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_10 - Un-metered Flow
 Located at Steffin Hill Road,
 MH E185A
 Patterson Township



Un-Metered Flow Point from White Township to Patterson Township Interceptor

Connection Point

BEAVER FALLS

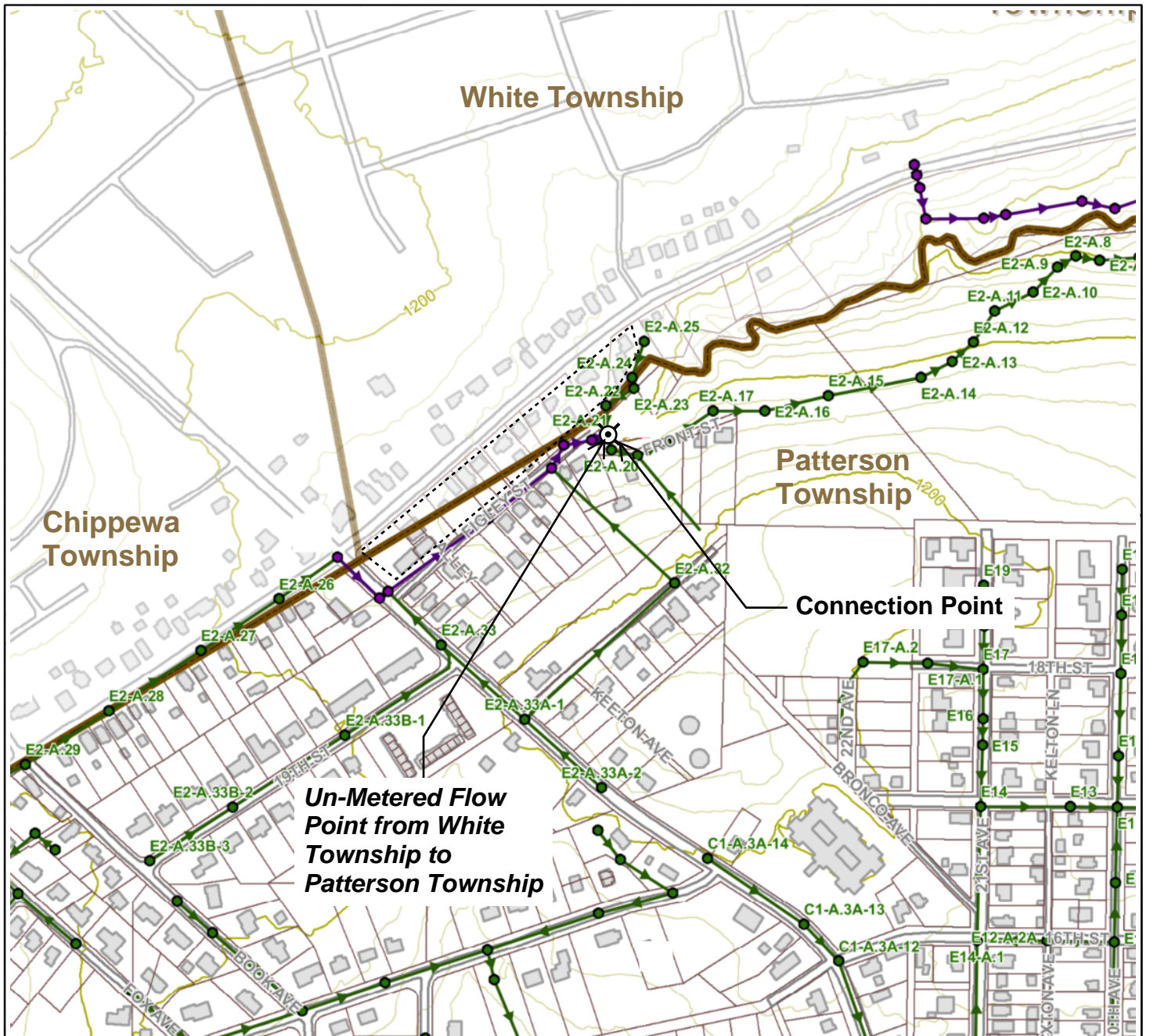


GANNETT FLEMING

NOT TO SCALE

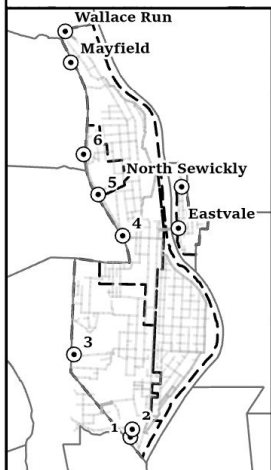
- X Connection Point
- ⊙ Metered/Unmetered Flow Point
- ⊙ Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_11 - Un-Metered Flow Located at NE Corner of Patterson Township, MH E1 Patterson Township



Un-Metered Flow Point from White Township to Patterson Township

Connection Point



GANNETT FLEMING

NOT TO SCALE

- X Connection Point
- o Metered/Unmetered Flow Point
- o Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_12 - Un-metered Flow Located at Figley St and Front St, MH E2-A.21 Patterson Township

EXHIBIT F15

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the "Agreement"), is made as of the 14th day of December, 2023 (the "Execution Date"), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company ("Aqua") and the BOROUGH OF WEST MAYFIELD, a municipal corporation of the Commonwealth of Pennsylvania (the "Municipality"). Aqua and the Municipality are each a "Party," and collectively, the "Parties."

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the "City") have entered into an Asset Purchase Agreement dated October 20, 2021 (the "APA"), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the "Acquired Collection System"), the wastewater treatment plant that the City owns (the "Acquired Treatment Plant," and collectively together with the Acquired Collection System, the "Acquired System") and substantially all of the City's assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the "Municipality System") which is connected to the Acquired System (either directly or indirectly through a third party's collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the "Closing"), the City is providing for the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the "Closing Date"), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System including, without limitation, that certain Agreement dated April 28, 1977 between the City and the Municipality; and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality's wastewater emanating from the Municipality System by the Acquired System and the charge for such services.

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection ("DEP") and Municipality's ordinance applicable to the Municipality System as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.2. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.3. "Contributing Users." The Borough of Big Beaver, Borough of Eastvale, City, North Sewickley Township Sewer Authority, Township of Patterson, BOROUGH OF Patterson Heights, Municipality and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.4. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.5. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.6. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.6.1. "Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or a Third-Party System which have a flow metering device at the Connection Points and are identified on Exhibit B attached hereto.

2.1.6.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered

Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.7. “Governmental Authority.” Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.8. “Industrial Waste Survey.” As defined in Section 12.

2.1.9. “Law.” Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.10. “Losses.” Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.11. “Notice Date.” The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.12. “Outside Users.” The Contributing Users excluding the City.

2.1.13. “Permit.” Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.14. “Person.” An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.15. “Prohibited Discharge.” Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.16. “PUC.” The Pennsylvania Public Utility Commission.

2.1.17. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s Ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. Flow calculations for each quarter shall be communicated to the Municipality within thirty (30) days of the end of each quarter. Daily Flow calculations shall be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. Aqua shall maintain accurate Flow records for Metered Flow based on the Flow meter readings. Aqua shall own, operate, maintain and replace, if necessary, the Flow meters and shall calibrate the Flow meters in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost. The results of such testing and calibration shall be provided to the Municipality upon request and no later than fourteen (14) business days from such request. If the Municipality requests additional testing, calibration, maintenance and repair, such expenses associated shall be at the cost of the Municipality.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the Municipality may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua shall notify the Municipality for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration ("I&I"). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct

discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys' and consultants' fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of any metering device (a) at any Connection Point, or (b) used to calculate the Flow emanating from the Municipality System to the Acquired System located elsewhere in the Acquired System, anywhere in the Municipality System or anywhere else, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device ("Metering Costs").

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party's Facilities, all present and future Permits applicable to such Party's Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment ("Sampling Equipment") at the Connection Points for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment

that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Municipality hereby grants Aqua an easement over any of its property and a license to access the Municipality System in order to install, access, operate or maintain (a) the Flow meters installed in the Municipality System, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Municipality shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua's normal sampling and testing procedure, at the Municipality's sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua's request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a "Industrial Waste Survey"):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user's business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua's collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the "Rate"). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate, and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the "Aqua Indemnified Parties") against, and shall hold the Aqua Indemnified Parties harmless from

and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality's elected officials, directors, officers, employees, representatives and agents (collectively the "Municipality Indemnified Parties") against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

20. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

21. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

22. Miscellaneous.

22.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

22.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

22.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

22.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

22.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

22.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

22.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

22.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: Borough of West Mayfield
4609 W. 8th Avenue
Beaver Falls, PA 15010
Attn: President

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.

762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

22.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater, including, but not limited to the Existing Agreement, shall terminate and be of no further force or effect.

22.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

22.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

22.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

22.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a "Bulk Treatment Agreement") which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

22.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

**AQUA PENNSYLVANIA
WASTEWATER, INC.**

By: 

Name: Marc A. Lucca

Title: President

MUNICIPALITY:

BOROUGH OF WEST MAYFIELD

By: _____

Name: Louis Little

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: 

Name: Kenya Johns

Title: Mayor

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

AQUA PENNSYLVANIA
WASTEWATER, INC.

BOROUGH OF WEST MAYFIELD

By: _____

By: *Louis E Little*

Name: Marc A. Lucca

Name: Louis Little

Title: President

Title: President

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

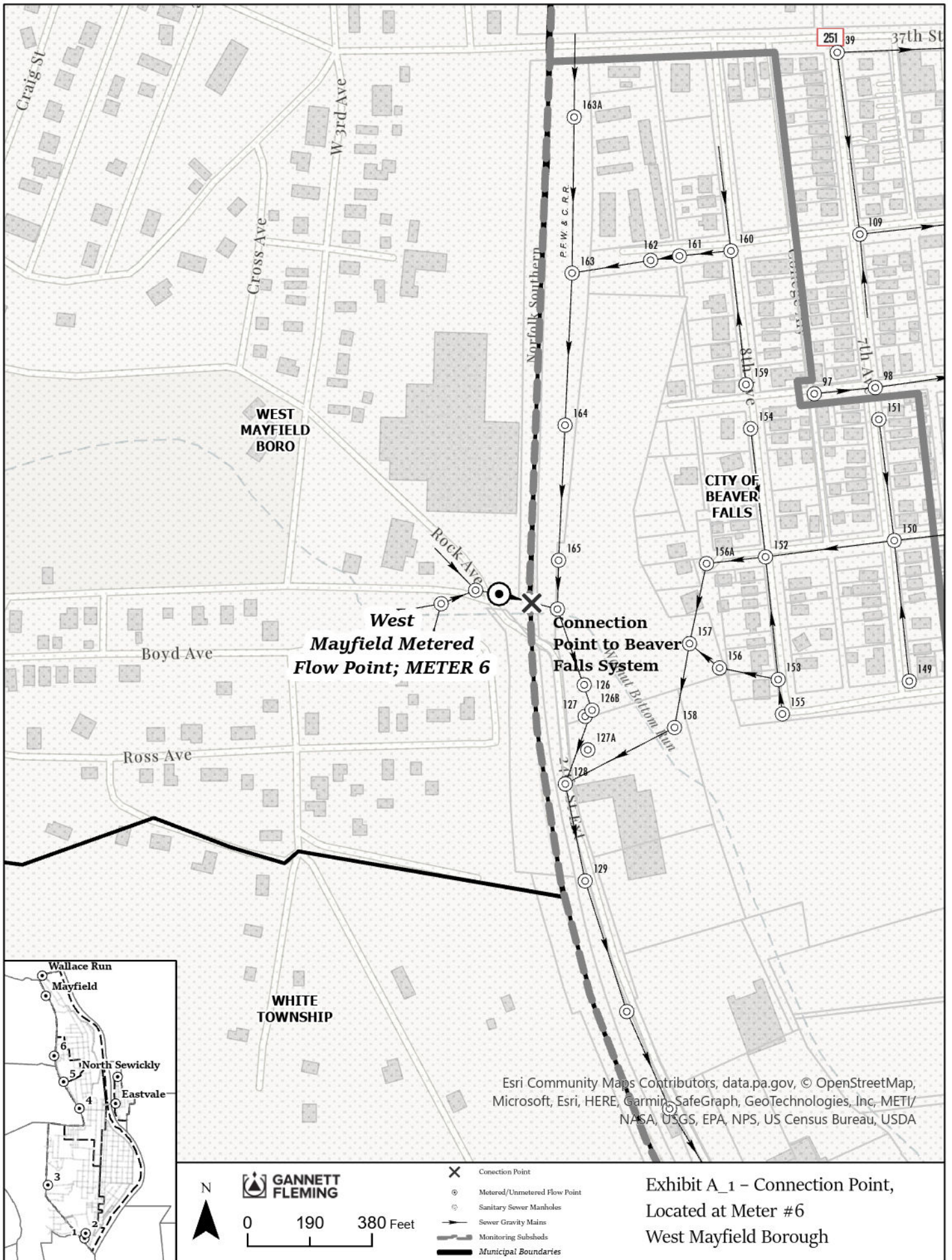
CITY OF BEAVER FALLS

By: _____

Name: Kenya Johns

Title: Mayor

EXHIBIT A
CONNECTION POINTS



Esri Community Maps Contributors, data.pa.gov, © OpenStreetMap, Microsoft, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc., METI/ NASA, USGS, EPA, NPS, US Census Bureau, USDA

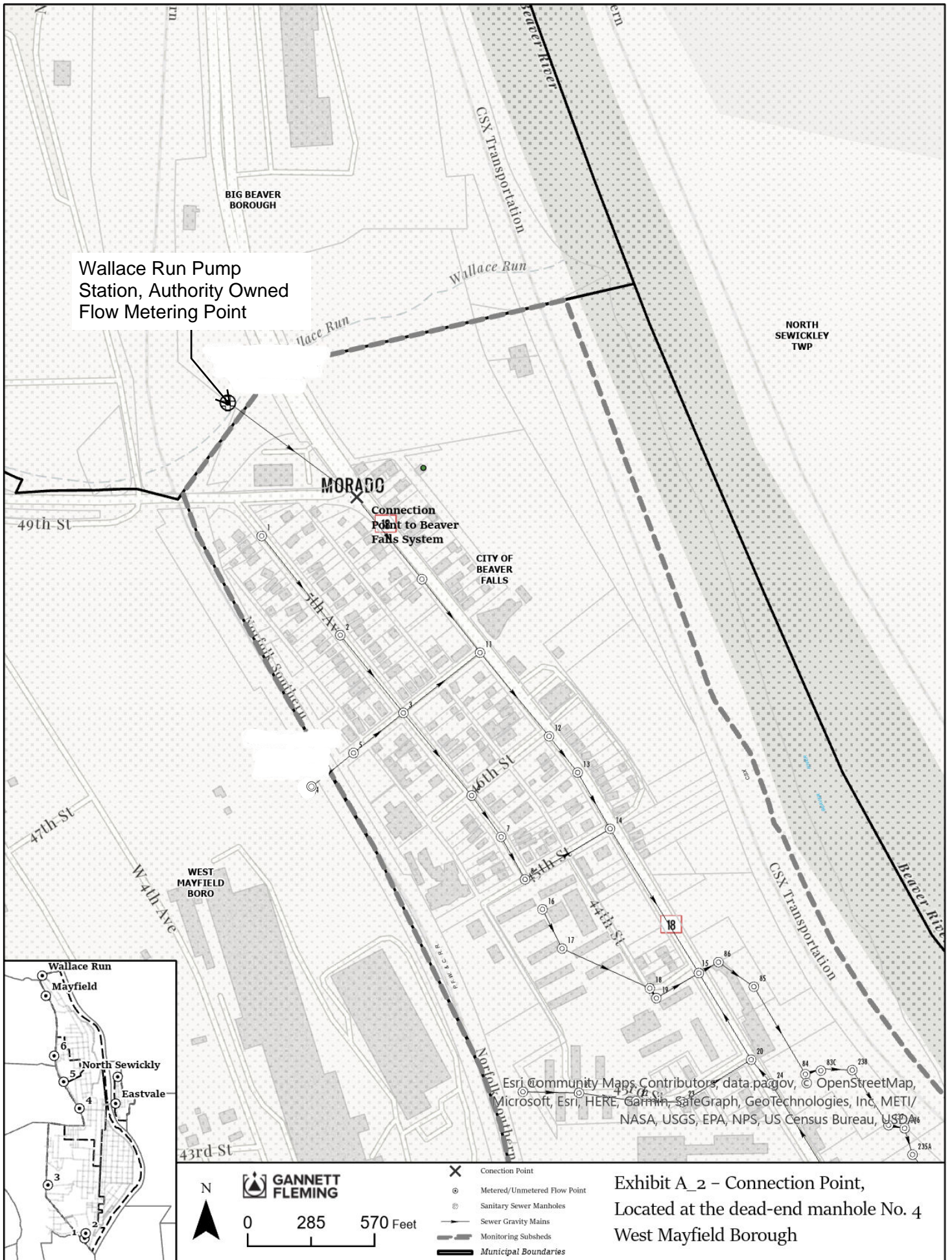
Exhibit A_1 - Connection Point, Located at Meter #6 West Mayfield Borough

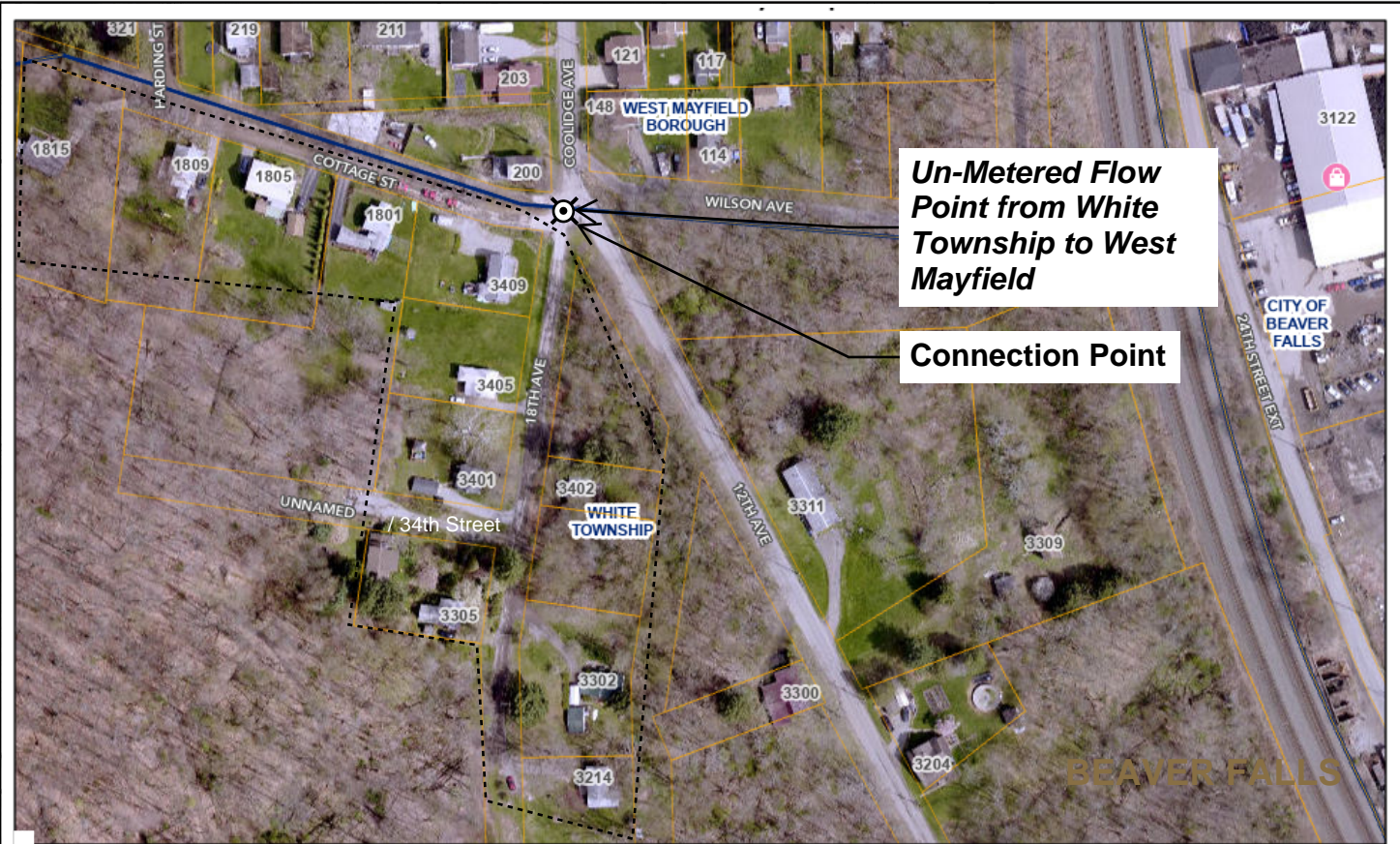
GANNETT FLEMING



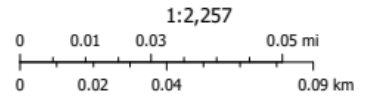
0 190 380 Feet

- X Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries





November 30, 2023



- Retail
- Parcels
- Municipalities
- Addresses
- Centerline Labels



GANNETT FLEMING

- Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit A_3 - Connection Point
Homes on 34th Street and 18th Avenue
West Mayfield Borough

EXHIBIT B
CONNECTION POINTS HAVING FLOW METERS

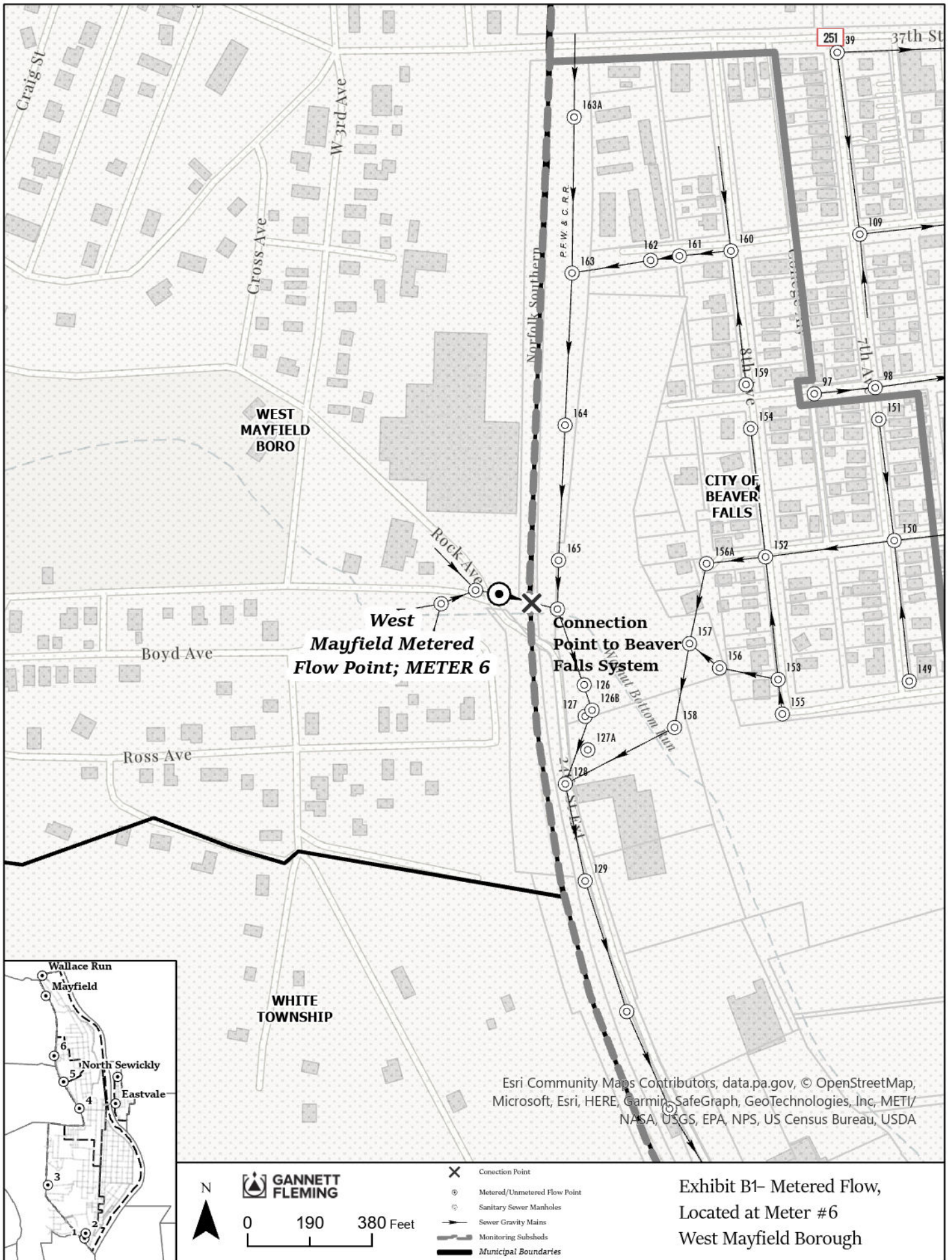
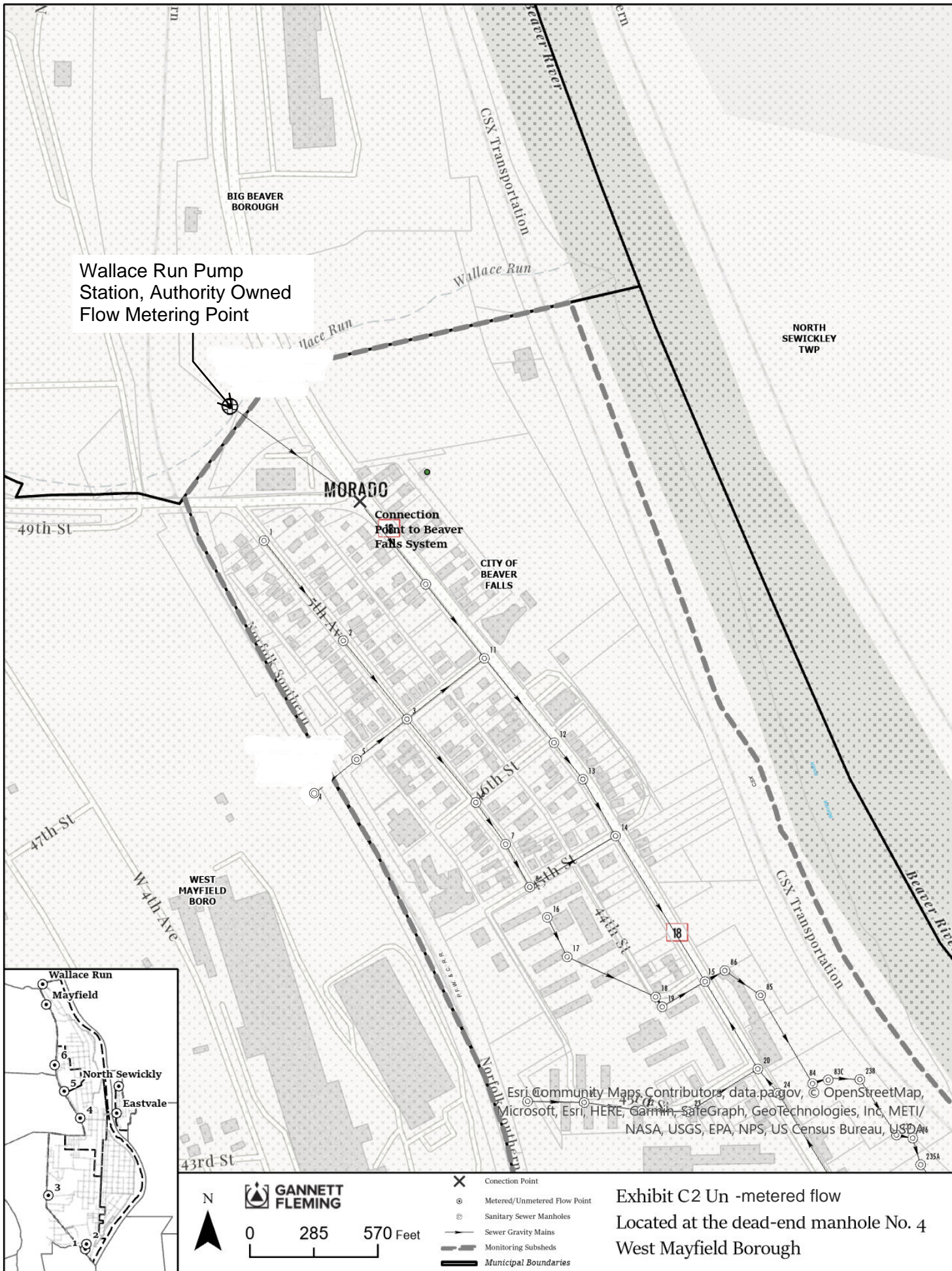
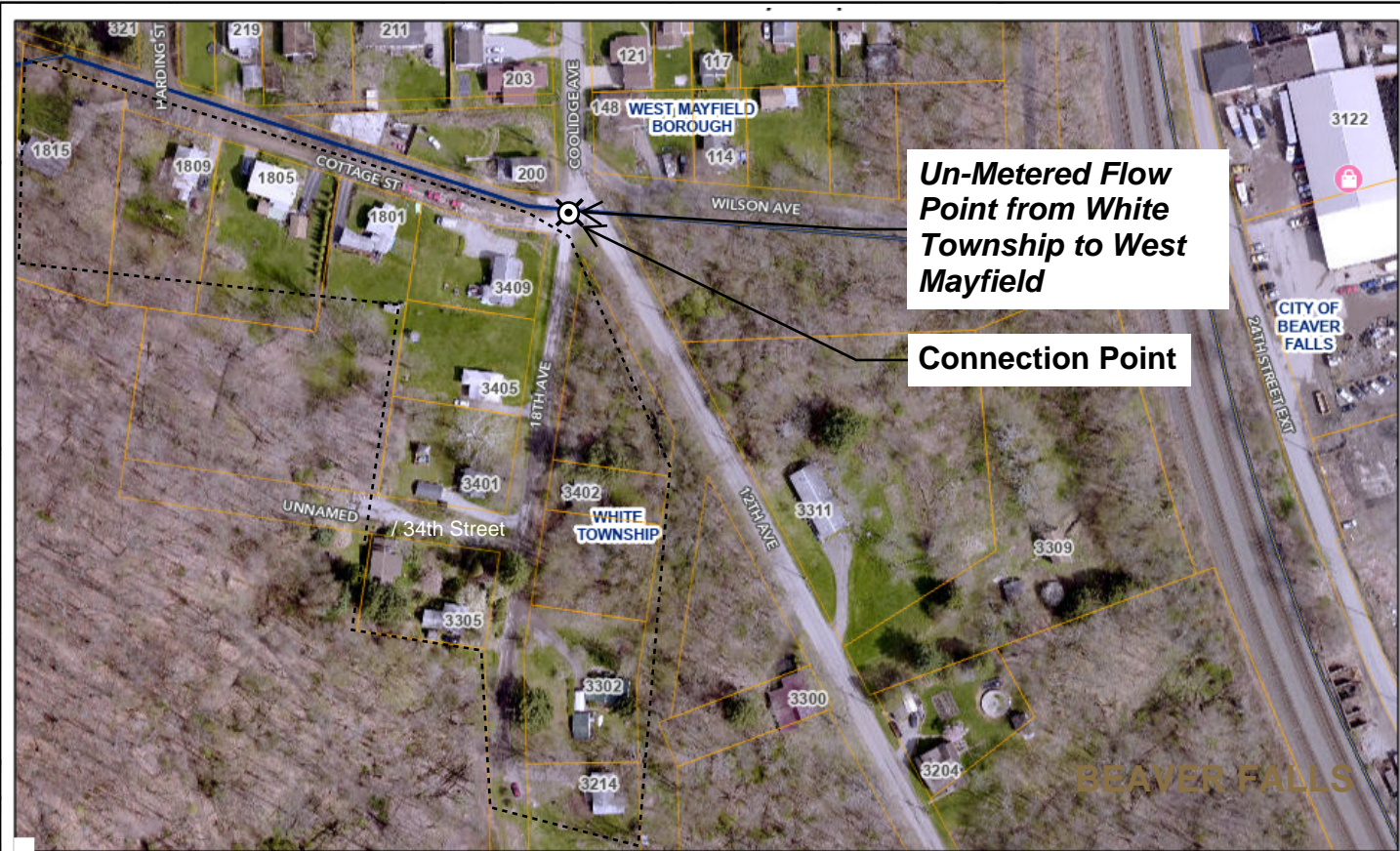


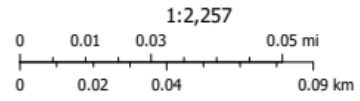
Exhibit B1- Metered Flow,
 Located at Meter #6
 West Mayfield Borough

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

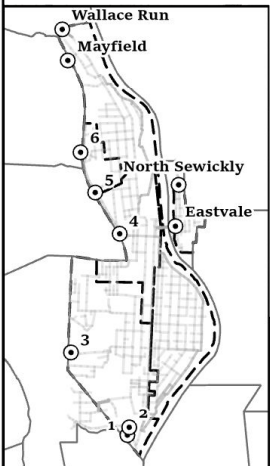




November 30, 2023



- Retail
- Parcels
- Municipalities
- Addresses
- Centerline Labels



GANNETT FLEMING

- Connection Point
- Metered/Unmetered Flow Point
- Sanitary Sewer Manholes
- Sewer Gravity Mains
- Monitoring Subsheds
- Municipal Boundaries

Exhibit C_3 - Un-metered Flow Homes on 34th Street and 18th Avenue West Mayfield Borough

EXHIBIT F16



October 19, 2021

Honorable Mayor George S Quay III
City of Beaver Falls
715 15th Street
Beaver Falls, PA 15010

RE: Charitable Contribution

Dear Mr. Mayor:

Reference is made to that certain Asset Purchase Agreement (the "APA"), dated October 18, 2021, by and between: (i) Aqua Pennsylvania Wastewater, Inc., a Pennsylvania corporation ("Aqua"); and, (ii) the City of Beaver Falls, Pennsylvania (the "City") regarding the acquisition by Aqua of the City's wastewater collection and treatment system (the "Transaction"). Capitalized terms that are used but not otherwise defined herein shall have the meanings ascribed to such terms in the APA.

This letter is intended to memorialize the mutual understanding and agreement between Aqua and the City. In connection with the Transaction, and conditioned upon the Closing of the Transaction, Aqua, or an affiliate of it, agrees to participate in and contribute to certain charitable activities or entities located in and around the City in an amount of at least One Million Two Hundred and Fifty Thousand dollars (\$1,250,000) (the "minimum contribution") over a period of eighteen months following the Closing. The City has identified the charitable events or entities attached hereto on Exhibit A as being eligible for Aqua to participate in; however, the City expressly reserves its rights to supplement and/or edit the charitable events or entities listed on Exhibit A. For the sake of clarity, nothing herein shall require Aqua or any of its affiliates to contribute more than the minimum contribution, and the minimum contribution shall only be made to duly qualified charitable entities.



If the foregoing is acceptable, please sign below and return this letter to the undersigned.

Sincerely,

By: Matthew Rhodos
Name: Matthew Rhodos
Title: Executive Vice President

AGREED AND ACCEPTED:

By: George S. Quay III
Name: George S. Quay III
Title: Mayor City of Beaver Falls, PA
Date: Oct 21, 2021



Exhibit A

**Beaver Falls Fire Department Ladder Truck
Beaver Falls Carnegie Library**

EXHIBIT F17

WATER USAGE AGREEMENT

THIS AGREEMENT made this _____ day of _____, 20____ by and between the BEAVER FALLS MUNICIPAL AUTHORITY, a body corporate politic, organization under the laws of the Commonwealth of Pennsylvania, having its principal office located at 1425 8th Avenue, Beaver Falls, Pennsylvania 15010, hereinafter called “Authority”.

AND

Aqua Pennsylvania Wastewater, Inc. a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office located at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania 19010, hereinafter called “Aqua”.

WHEREAS, Authority provides public water service to various customers within the City of Beaver Falls, hereinafter “Beaver Falls”; and

WHEREAS, Aqua has acquired the Beaver Falls wastewater collection and treatment system from Beaver Falls (“Aqua-Beaver Falls Transaction”); and

WHEREAS, Aqua and Beaver Falls require meter reading information in order to bill the acquired Beaver Falls wastewater customers at the volumetric rates in Beaver Falls.

WHEREAS, the parties hereto desire to enter into a written agreement concerning the provision of water meter read information and the payment therefore.

NOW WITNESSETH that in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Authority hereby agrees to provide Aqua with a report of the water usage for its public water service customers who are likewise wastewater customers of Aqua’s wastewater system in Beaver Falls on at least a quarterly basis, except for those customers that are billed monthly by the Authority as described in paragraph five (5) herein.
2. The report to be provided by the Authority shall be sent to Aqua in the same month the water bill was issued, and no later than within five (5) days of the report being available.
3. The report to be provided by the Authority shall be in excel format or other electronic format and shall provide Aqua with the actual (or estimated) water usage as read and billed by the Authority. The report shall provide any changes in billing addresses and any separate billing address if the service address is not the same as the billing address. The report shall also provide move-in and move-out dates for customers that have opened or closed an account during the billing period.
4. Upon receipt of the water usage report, Aqua shall pay the Authority the sum of One Dollar (\$1.00) per each meter reading (actual or estimate) contained in the report. A bill for

the total cost of the report shall be prepared by the Authority and sent out at least quarterly, or at least monthly in the case of customers that the Authority bills monthly as described in paragraph five (5) herein. Payment for the report shall be made by Aqua to the Authority within 45 days of the receipt of the statement. Should Aqua fail to pay the statement within the payment period, the Authority shall be under no duty or obligation to furnish Aqua with any subsequent reports until the bill is paid and payment in advance is made for any subsequent reports.

5. The Authority hereby reserves its right to bill its water customers on a basis which may be more frequently than quarterly, and may bill certain large volume customers monthly, in which case water usage information as described in paragraph three (3) shall be furnished to Aqua on a basis no more frequently than monthly for those customers billed by the Authority on a monthly basis.

6. This Agreement shall be effective as of the date Aqua and Beaver Falls close on the Aqua-Beaver Falls Transaction and shall remain in effect for four (4) years from the effective date. Agreement shall renew annually thereafter unless one party requests a renegotiation no less than 60-days prior to expiration.

7. This Agreement can be terminated by Aqua upon Aqua giving the Authority at least sixty (60) days written notice of its desire to terminate the Agreement and do without public water meter read reports, or if such Agreement shall be either terminated or suspended pursuant to the provision of paragraph four (4) supra.

8. This Agreement is entered into pursuant to a resolution of the Beaver Falls Municipal Authority Board of Directors duly held on the _____ day of _____, 20____, and authorizing its Chairman to sign this Agreement on its behalf, the same to be attested by its Secretary.

9. This Agreement is entered into by Aqua, authorizing its President to sign this Agreement on its behalf, and attested to by Aqua's corporate secretary.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK; SIGNATURES
ON NEXT PAGE]

IN WITNESS WHEREOF AND INTENDING TO BE LEGALLY BOUND HEREBY, the parties hereto by their fully designated officers have executed this Agreement the day and year first above written.

ATTEST: BEAVER FALLS MUNICIPAL AUTHORITY

Secretary

By: _____

Printed: _____

Its: Chairman

ATTEST: AQUA PENNSYLVANIA WASTEWATER, INC.

Secretary

By: _____

Printed: Marc A. Lucca

Its: President

EXHIBIT F18

SETTLEMENT AGREEMENT

This Settlement Agreement (the “**Agreement**”) is dated December 20, 2023, and is by and between Aqua Pennsylvania Wastewater, Inc., a Pennsylvania Public Utility Company (“**Aqua**”); the City of Beaver Falls, a Pennsylvania Municipality (“**Beaver Falls**”); Patterson Township, a Pennsylvania Municipality (“**Patterson Township**”); Patterson Heights Borough, a Pennsylvania Municipality (“**Patterson Heights**”); White Township, a Pennsylvania Municipality (“**White Township**”); and West Mayfield Borough, a Pennsylvania Municipality (“**West Mayfield**”).

* * *

Whereas, Beaver Falls owns and operates a sanitary wastewater collection and treatment system (the “**System**”).

Whereas, the System includes the wastewater treatment plant located within Beaver Falls (the “**Plant**”).

Whereas, the Plant is utilized for wastewater treatment by Beaver Falls and also to treat wastewater from seven outside municipalities, including Patterson Township, Patterson Heights, White Township, and West Mayfield (each, a “**Plaintiff Municipality**,” and collectively, the “**Plaintiff Municipalities**”).

Whereas, in 2020, Beaver Falls explored options for selling the System and invited public bids for the purchase and continued operation of the System.

Whereas, Aqua is a regulated Pennsylvania utility, and in August 2020, Aqua responded to the request for bids issued by Beaver Falls and submitted a bid for the purchase and continued operation of the System.

Whereas, in September 2021, Beaver Falls accepted Aqua’s bid as the winning bid and enacted an ordinance authorizing the execution of an asset purchase agreement between Aqua and Beaver Falls in connection with the sale of the System.

Whereas, on or about September 27, 2022, the Plaintiff Municipalities filed suit against Aqua and Beaver Falls in the Court of Common Pleas of Beaver County, Pennsylvania, at Case No. 11219 of 2022 (the “**Suit**”). The complaint in the Suit alleged, inter alia, that the Plaintiff Municipalities are part owners of the Plant and that Beaver Falls would be unjustly enriched by the sale of the Plant.

Whereas, Aqua and Beaver Falls answered the Plaintiff Municipalities’ complaint and denied that the Plaintiff Municipalities were part owners of the Plant and that Beaver Falls would be unjustly enriched by the sale of the Plant.

Whereas, on February 17, 2023, Aqua filed an Application to the Pennsylvania Public Utility Commission (the “PUC”) for approval of the acquisition of the wastewater system assets of Beaver Falls and, among other things, to begin providing wastewater service to the public in Beaver Falls (the “Application”).

Whereas, in order to avoid the time and expense of the Suit, and to settle any and all claims, demands, damages, rights, disputes, and causes of action that exist, whether at law or in equity, that were made in the Suit, Beaver Falls, Aqua, and the Plaintiff Municipalities (each a “Party” and all collectively the “Parties”) have now reached a settlement of their dispute.

Now therefore, in consideration of their mutual promises and intending to be legally bound by this Agreement, the Parties agree as follows.

* * *

1. **Recitals.** The foregoing recitals are hereby incorporated into and made a material part of this Agreement, and this Agreement will be interpreted in light of those recitals.

2. **Payments at Closing by Beaver Falls.** Upon the closing of the sale of the System to Aqua (the “Closing”), Beaver Falls shall pay to the Plaintiff Municipalities the aggregate amount of \$1,500,000 (the “Beaver Falls Funds”), with Beaver Falls paying, by way of wire transfer, to the IOLTA Account of Bowers, Fawcett and Hurst, LLC. The Parties agree that these funds received by a Plaintiff Municipality from Beaver Falls are unrestricted and may be spent by the Plaintiff Municipality in its discretion.

3. **Payments at Closing by Aqua.** Upon the Closing:

(a) Aqua shall pay to the Plaintiff Municipalities the aggregate amount of \$200,000 (the “Aqua Unrestricted Funds”), with Aqua paying, by way of wire transfer, to the IOLTA Account of Bowers, Fawcett and Hurst, LLC. The Aqua Unrestricted Funds are unrestricted and a Plaintiff Municipality may spend the portion of the Aqua Unrestricted Funds the Plaintiff Municipality receives in the Plaintiff Municipality’s discretion.

(b) Aqua shall pay to the Plaintiff Municipalities the aggregate amount of \$500,000 (the “Aqua Restricted Funds”), with Aqua paying, by way of wire transfer, to the IOLTA Account of Bowers, Fawcett and Hurst, LLC. In a document executed by all Plaintiff Municipalities and delivered to Aqua at least 5 business days prior to the Closing Date, the allocation of the Aqua Restricted Funds will be reported to Aqua. The Aqua Restricted Funds are restricted and a Plaintiff Municipality may only use the portion of the Aqua Restricted Funds the Plaintiff Municipality receives for the maintenance, repair,

or capital improvement of the Plaintiff Municipality's wastewater-collection system and associated facilities. Each Plaintiff Municipality shall provide Aqua a letter by March 30 each year, verified by its municipal manager or public works director, of the use of any of the Aqua Restricted Funds in the preceding calendar year. If no Aqua Restricted Funds are used in the preceding calendar year, the letter shall state that and the amount of Aqua Restricted Funds remaining.

4. Closing Does not Occur. If the Closing does not occur, the obligations of Beaver Falls to make the payments to the Plaintiff Municipalities set forth in Paragraph 2 and Aqua to make the payments to the Plaintiff Municipalities set forth in Paragraph 3 shall be null and void.

5. Post-closing Judicial Action Regarding Application. If, after the Closing, a court of competent jurisdiction issues a final, non-appealable order denying the Application or otherwise invalidating the sale of the System to Aqua for any reason, within 180 days of Aqua providing to a Plaintiff Municipality written notice of such order and a copy of such order, the Plaintiff Municipality will repay to (a) Beaver Falls, the amount Beaver Falls paid to the Plaintiff Municipality set forth in Paragraph 2, and (b) Aqua, the amount Aqua paid to the Plaintiff Municipality set forth in Paragraph 3.

6. Stay; Dismissal of the Suit.

(a) The Parties agree upon the execution of this Agreement, the Suit will be stayed, and within 5 days from the execution of this Agreement, the Parties will inform the Court of Common Pleas of Beaver County that a settlement has been reached and the Parties will submit a joint consent order requesting that the Suit be stayed.

(b) Within 5 days of the Closing and the making of the payments described in Paragraphs 2 and 3 above, the Parties shall file a joint praecipe with the Court of Common Pleas of Beaver County to settle and discontinue the Suit, with prejudice.

7. No Admissions of Fact or Law. The Parties agree and acknowledge that nothing contained in this Agreement constitutes an admission of any fact, the recognition of the application of any legal principle, the acknowledgement of any duty, liability, or breach, or any other violation of any law or legal obligation whatsoever.

8. Release of Claims by Plaintiff Municipalities. Each of the Plaintiff Municipalities hereby releases, remises, forgives, and forever discharges Beaver Falls and Aqua and their respective commissioners, managers, clerks, officials, directors, shareholders, officers, representatives, employees, agents, affiliates, parents, subsidiaries, and assigns from any and all claims, demands, damages, rights, disputes, and causes of action that exist, whether at law or in equity, that were made in the Suit, including but not

limited to any and all claims that arise out of or relate to the ownership of the Plant, the sale of the Plant by Beaver Falls, the purchase of the Plant by Aqua, the ability to object to or seek to block the sale of the System, the ability to refuse to consent to the sale of the System, and the right of the Plaintiff Municipalities to receive any proceeds from the sale of the Plant (other than the payments described in Paragraphs 2 and 3 above).

9. Consent and No Objection to Sale. Each Plaintiff Municipality (a) hereby consents to Aqua's purchase and acquisition of the System and related assets and shall communicate this affirmative consent to third parties upon request by either Beaver Falls or Aqua, (b) shall not oppose or object to Beaver Fall's sale and Aqua's acquisition of the System and related assets, whether in court, before the PUC or before any other administrative agency or body, (c) shall, within 5 days of the execution of this Agreement, withdraw its protest filed before the PUC regarding Aqua's acquisition of the System, and (d) shall take any and all actions reasonably requested by Aqua and/or the Beaver Falls to effectuate Beaver Fall's sale and Aqua's acquisition of the System and related assets, including, without limitation, executing and delivering any consents or other documents or passing any ordinance or resolution.

10. Execution of New Wastewater Service Agreements. On the execution of this Agreement, each Plaintiff Municipality and Aqua will execute a wastewater service agreement in substantially the form attached to this Agreement as Exhibit A.

11. Advice of Counsel. By signing this Agreement, the Parties acknowledge that they have been afforded adequate time to seek legal advice and have sought and received legal advice as they deemed appropriate, and that they have entered into and agreed to the terms of this Agreement voluntarily, under no coercion or duress, and of their own free will. By signing this Agreement, the Parties acknowledge that they have read and fully understand the terms and consequences of this Agreement, that approving this instrument has been undertaken in a proper, lawful manner, and that the signatories are properly authorized to act for the entities for which they are acting.

12. Binding Effect. This Agreement legally binds the Parties and their respective heirs, successors, and assigns. This paragraph does not address whether rights under this Agreement are in fact assignable or delegable.

13. Amendment. Unless otherwise provided in this Agreement, this Agreement may only be amended, modified, or supplemented by a written instrument executed by the Parties that identifies itself as an amendment to this Agreement.

14. Entire Agreement. This Agreement represents the entire and complete Agreement between the Parties and supersedes all prior oral or written agreements as to

its subject matter. There are no other written or oral understandings or agreements that change or affect the terms of this Agreement.

15. Assignment and Delegation. A Party may not assign its rights or delegate its duties under this Agreement without the prior written consent of the other Parties. All assignments of rights without such consent are prohibited under this section, whether they are voluntary or involuntary, by merger, consolidation, dissolution, operation of law, or any other manner. A purported assignment or delegation that does not comply with this section is void.

16. Breach; Attorneys' Fees. In the event of a breach of any of the provisions of this Agreement, an aggrieved Party may pursue all legal or equitable remedies available, including, but not limited to, seeking damages for the breach of this Agreement or seeking enforcement of the provisions of this Agreement in court. In connection with any litigation between the Parties concerning the subject matter of this Agreement, the prevailing Party is entitled to recover its reasonable attorneys' fees and costs, including fees and costs incurred at trial, on appeal, and during post-judgment collection proceedings.

17. Governing Law. The laws of the Commonwealth of Pennsylvania, without regard to conflict-of-law provisions, govern all disputes arising out of this Agreement, including torts.

18. Venue and Jurisdiction. Any action or proceeding brought under or in connection with this Agreement may only be brought in either the Court of Common Pleas of Beaver County, Pennsylvania, or in the United States District Court for the Western District of Pennsylvania. The Parties hereby consent to jurisdiction over them in those courts.

19. Waiver. The failure of a Party to insist upon the strict performance of any of the covenants or conditions of this Agreement or to exercise any option or power granted by this Agreement does not constitute a waiver by that Party of its rights with respect to this Agreement or a consent to any breach or default in performance by any other Party. A waiver of any provision of this Agreement is only binding if it is in writing and is signed by the waiving Party.

20. Consent. Except as otherwise provided, if and whenever the consent or approval of a Party is required under the terms of this Agreement, that consent or approval will not be unreasonably withheld or delayed.

21. Severability. If the enactment or amendment of a state or federal law or regulation, or a judicial, administrative, or other interpretive ruling from an applicable

court or agency holds or renders any provision of this Agreement illegal or unenforceable, the offending provision will be deleted or modified, as necessary, in order to render this Agreement valid and enforceable. In any event, the balance of this Agreement will be enforced to the fullest extent possible without regard to such unenforceable, void, or invalid provision.

22. Headings. The headings in this Agreement are for reference only and will not affect the interpretation of this Agreement.

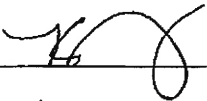
23. Counterparts. This Agreement may be executed simultaneously in multiple counterparts. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof. All executed counterparts are part of the same Agreement.

(The remainder of this page is intentionally left blank.)

The Parties, intending to be legally bound and intending to settle the claims set forth herein, have read the foregoing and fully understand and agree to the terms and conditions set forth herein. The Parties are signing this Agreement on the date set forth in the introductory clause.

The City of Beaver Falls

Aqua Pennsylvania Wastewater, Inc.

By: 

By: _____

Print: Kenya Johns

Print: _____

Title: Mayor

Title: _____

Patterson Township

Patterson Heights Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

White Township

West Mayfield Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

The Parties, intending to be legally bound and intending to settle the claims set forth herein, have read the foregoing and fully understand and agree to the terms and conditions set forth herein. The Parties are signing this Agreement on the date set forth in the introductory clause.

The City of Beaver Falls

Aqua Pennsylvania Wastewater, Inc.

By: _____

By: *Mark A. Luedt*

Print: _____

Print: *Mark A. Luedt*

Title: _____

Title: *PRESIDENT*

Patterson Township

Patterson Heights Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

White Township

West Mayfield Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

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The City of Beaver Falls

Aqua Pennsylvania Wastewater, Inc.

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

Patterson Township

Patterson Heights Borough

By: Paula J. Wagoner

By: _____

Print: Paula J. Wagoner

Print: _____

Title: PRESIDENT. Commissioner

Title: _____

White Township

West Mayfield Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

The Parties, intending to be legally bound and intending to settle the claims set forth herein, have read the foregoing and fully understand and agree to the terms and conditions set forth herein. The Parties are signing this Agreement on the date set forth in the introductory clause.

The City of Beaver Falls

Aqua Pennsylvania Wastewater, Inc.

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

Patterson Township

Patterson Heights Borough

By: _____

By: W.A. Starn

Print: _____

Print: W.A. STARN

Title: _____

Title: COUNCIL PRES

White Township

West Mayfield Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

The Parties, intending to be legally bound and intending to settle the claims set forth herein, have read the foregoing and fully understand and agree to the terms and conditions set forth herein. The Parties are signing this Agreement on the date set forth in the introductory clause.

The City of Beaver Falls

Aqua Pennsylvania Wastewater, Inc.

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

Patterson Township

Patterson Heights Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

White Township

West Mayfield Borough

By: Ray A Evans Jr

By: _____

Print: Ray A Evans Jr

Print: _____

Title: Chairman

Title: _____

The Parties, intending to be legally bound and intending to settle the claims set forth herein, have read the foregoing and fully understand and agree to the terms and conditions set forth herein. The Parties are signing this Agreement on the date set forth in the introductory clause.

The City of Beaver Falls

Aqua Pennsylvania Wastewater, Inc.

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

Patterson Township

Patterson Heights Borough

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

White Township

West Mayfield Borough

By: _____

By: Louis Little

Print: _____

Print: LOUIS LITTLE

Title: _____

Title: President

Exhibit A

Form of Wastewater Service Agreement

Attached

WASTEWATER SERVICE AGREEMENT

THIS WASTEWATER SERVICE AGREEMENT (the “Agreement”), is made as of the ____ day of _____, 2023 (the “Execution Date”), by and between AQUA PENNSYLVANIA WASTEWATER, INC., a Pennsylvania public utility company (“Aqua”) and [●] (the “Municipality”). Aqua and the Municipality are each a “Party,” and collectively, the “Parties.”

RECITALS

WHEREAS, Aqua and the City of Beaver Falls (the “City”) have entered into an Asset Purchase Agreement dated October 20, 2021 (the “APA”), which provides that the City has agreed to sell and convey to Aqua the wastewater collection system that the City owns (the “Acquired Collection System”), the wastewater treatment plant that the City owns (the “Acquired Treatment Plant,” and collectively together with the Acquired Collection System, the “Acquired System”) and substantially all of the City’s assets related to the Acquired System; and

WHEREAS, the Municipality owns, maintains and operates a system of gravity sewer mains, force mains, laterals and other necessary infrastructure and means for the collection and conveyance of wastewater emanating from the Municipality (the “Municipality System”) which is connected to the Acquired System (either directly or indirectly through a third party’s collection system) and wastewater emanating from the Municipality System is collected and conveyed to and treated and disposed of by the Acquired System; and

WHEREAS, prior to the closing of the transaction contemplated by the APA (the “Closing”), the City is providing for the collection, conveyance, treatment and disposal of the Municipality’s wastewater emanating from the Municipality System by the Acquired System; and

WHEREAS, effective as of the date that the Closing occurs (the “Closing Date”), the City and the Municipality desire to terminate any and all existing agreements between them regarding the collection, conveyance, treatment and disposal of the Municipality’s wastewater emanating from the Municipality System by the Acquired System **[including, without limitation, [●] (the “Existing Agreement”)]**¹; and

WHEREAS, effective as of the Closing Date, this Agreement shall govern the collection, conveyance, treatment and disposal of the Municipality’s wastewater emanating from the Municipality System by the Acquired System and the charge for such services; and

WHEREAS, operation of the Municipality sanitary sewer system is, and shall remain, subject to the sole requirements of the Pennsylvania Department of Environmental Protection (“DEP”) and Municipality’s Ordinance **[to be identified]** as may be modified from time to time by the Municipality and that further modification requested by Aqua shall not be unreasonably withheld by Municipality.

¹ **Note to Draft:** Bracketed provision would be included for a municipality/authority that has a current written agreement with the City regarding the collection and treatment of wastewater.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and made part of this Agreement as though fully set forth herein.

2. Definitions

2.1. Defined Terms. The following terms shall have the following meanings, except as otherwise expressly provided or unless the context otherwise requires. Other terms are defined in the text of this Agreement, and throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

2.1.1. "Aqua Tariff." Aqua's tariff on file with and approved by the PUC as the same may be amended, supplemented, restated, replaced or revised from time to time.

2.1.2. "Connection Points." The locations at which the Municipality System connects to the Acquired Collection System or a Third-Party System as identified on Exhibit A attached hereto.

2.1.3. "Contributing Users." The Borough of Big Beaver, Borough of Eastvale, the City, North Sewickley Township Sewer Authority, Township of Patterson, Borough of Patterson Heights, Borough of West Mayfield and Township of White and any other municipality or authority that enters into an agreement with Aqua during the Term related to the collection, conveyance and treatment of such municipality's or authority's wastewater through the Acquired System.

2.1.4. "Effective Date." The Effective Date as defined in Section 3.1.

2.1.5. "Facilities." Facilities means with respect to (a) Aqua, the components of the Acquired System, and (b) the Municipality, the components of the Municipality System.

2.1.6. "Flow." The quantity or volume of wastewater that emanates from the Municipality System and is collected, conveyed, treated and discharged by the Acquired System.

2.1.6.1. "Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or a Third-Party System which have a flow metering device at the Connection Points and are identified on Exhibit B attached hereto.

2.1.6.2. "Un-Metered Flow." Any Flow through interconnections of the Municipality System and the Acquired Collection System or Third-Party System which do not employ a formal wastewater flow metering device and are identified on Exhibit C attached hereto. The Flow values for these interconnection points are based on water consumption data provided to Aqua by the Contributing User or its water provider, multiplied by a factor of 1.5 to account for inflow and infiltration. Un-Metered Flow originating from the Acquired Collection System flowing to the Municipality System will be deducted from the bill to the Municipality System. Un-

Metered Flow originating from the Municipality System flowing to the Acquired Collection System will be added to the bill of the Municipality System. Un-Metered Flow between Outside Users will be added to the bill of the Outside User where the Un-Metered Flow originated, and deducted from the bill of the Outside User who received the Un-Metered Flow. If new Un-Metered Flow interconnections occur, or existing connections are removed, to or from the Municipality System which would alter the interconnection points listed on Exhibit C, Exhibit C shall be amended accordingly. If at some time in the future any of these interconnections become metered by a formal flow metering device, Exhibit B and Exhibit C shall be amended accordingly, and the flows at such points shall be considered actual and included in the regular Metered Flow calculations.

2.1.7. "Governmental Authority." Any federal, state or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

2.1.8. "Industrial Waste Survey." As defined in Section 12.

2.1.9. "Law." Any statute, law, ordinance, regulation, rule, code, order, constitution, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

2.1.10. "Losses." Losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification under this Agreement.

2.1.11. "Notice Date." The date that Aqua provides written notice to the Municipality that Aqua intends to make a modification, upgrade or expansion to all or any portion of the Acquired System.

2.1.12. "Outside Users." The Contributing Users excluding the City.

2.1.13. "Permit." Any permit, license, franchise, approval, authorization, registration, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Authority.

2.1.14. "Person." An individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

2.1.15. "Prohibited Discharge." Any waste, pollutant, or other substance which is prohibited to be discharged into the Acquired System as set forth in the Aqua Tariff.

2.1.16. "PUC." The Pennsylvania Public Utility Commission.

2.1.17. “Third-Party System.” A system for the collection and transportation of wastewater that (a) is owned by a third party, and (b) directly or indirectly transports and conveys wastewater to the Acquired System.

2.2. Terms Defined in Aqua Tariff. Terms used in this Agreement which are defined in the Aqua Tariff and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Aqua Tariff.

3. Effective Date; Term.

3.1. Effective Date. This Agreement shall become effective on the Closing Date (the “Effective Date”). If Aqua’s purchase of the Acquired Systems pursuant to the APA does not close and the APA is terminated, this Agreement shall automatically terminate and be null and void and of no force or effect.

3.2. Term. The term of this Agreement shall be a period of three (3) years (the “Term”) commencing on the Effective Date.

4. Treatment and Disposal of Wastewater. Subject to the terms of this Agreement, during the Term, Aqua shall accept, treat and dispose of the wastewater that emanates from the Municipality System from the Municipality. The wastewater that emanates from the Municipality System from the Municipality shall be delivered to the Acquired Treatment Plant from the Municipality System to the Acquired Collection System (either directly or indirectly through a Third-Party System). The Municipality covenants and agrees that all wastewater from the Municipality emanating from the Municipality System to the Acquired System shall be in accordance and compliance with all requirements of the Municipality’s Ordinances, Aqua Tariff and applicable Laws, as they may be amended from time to time.

5. Prohibited Discharges; Hauled Waste.

5.1. No Prohibited Discharge shall be permitted to be discharged into the Acquired System from the Municipality System,

5.2. No hauled waste shall be permitted to be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, obtained a permit from the DEP permitting the discharge of such waste into the Municipality System (a “Hauled Waste Permit”), and (b) such user and waste and the discharge of such waste are in full compliance with all terms and conditions of the Aqua Tariff and the Hauled Waste Permit issued to the user.

6. Nondomestic Waste/Industrial Waste. No nondomestic waste or industrial waste shall be discharged into the Acquired System from the Municipality System unless (a) the user discharging such waste has, prior to the discharge of such waste, entered into a written agreement acceptable in form and substance to Aqua related to the pretreatment and discharge of such waste (an “Industrial Waste Agreement”), and (b) such user and waste and the discharge of such waste are

in full compliance with all terms and conditions of the Aqua Tariff and the Industrial Waste Agreement.

7. Operation and Enforcement.

7.1. Flow Calculations. As of the Closing Date and until Aqua installs flow meters to measure the Flow from each Contributing User, Flow for billing purposes shall be calculated based on the existing practice of using water meter read information supplied by the Contributing User or its water provider. After flow meters are installed to measure the Flow from each Contributing User, Flow from the Municipality System shall be determined by combining (i) the Metered Flow and (ii) all remaining Un-Metered Flow. Flow calculations for each quarter shall be communicated to the Municipality within thirty (30) days of the end of each quarter. Daily Flow calculations shall be based on a twenty-four (24) hour period utilizing 7:00 AM as the daily meter reading time.

7.2. Record Keeping/Flow Meter Maintenance. Aqua shall maintain accurate Flow records for Metered Flow based on the Flow meter readings. Aqua shall own, operate, maintain and replace, if necessary, the Flow meters and shall calibrate the Flow meters in accordance with this Section 7.2 and acceptable industry standards to ensure accurate readings.

7.3. Calibration and Testing.

7.3.1. Meter equipment and remote readouts shall be tested, calibrated, maintained, and repaired at least annually by Aqua at Aqua's cost. The results of such testing and calibration shall be provided to the Municipality upon request and no later than fourteen (14) business days from such request. If the Municipality requests additional testing, calibration, maintenance and repair, such expenses associated shall be at the cost of the Municipality.

7.3.2. If the Municipality and Aqua cannot agree as to the inaccuracy of any meter, the Municipality may request that the meter be tested by an independent testing facility mutually agreed to by the Municipality and Aqua and such independent testing facility's determination of accuracy shall be conclusive. All costs related to the testing shall be borne fifty percent (50%) by the Municipality and fifty percent (50%) by Aqua.

7.3.3. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of three percent (3%), the calibration thereof shall be corrected, and any billing shall be adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the most recent date of calibration, but in no event further back than a period of six (6) months where such time is not ascertainable.

7.4. Estimated Meter Readings. Whenever it is necessary to estimate Flow meter readings due to equipment malfunction, failure, power outage, or similar events, Aqua shall notify the Municipality for any period of time such estimated readings were utilized within 72 hours of discovering such event. Any estimated reading shall be calculated using the average monthly Flow for the Flow meter in question, for the previous month, for each day the estimated reading is made. The amount of wastewater conveyed during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation,

or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

7.5. Storm-water / Groundwater Inflow & Infiltration ("I&I"). The Municipality shall enact, keep in force and enforce appropriate ordinances and/or regulations prohibiting the direct discharge of storm water, surface water runoff and groundwater into the Municipality System, and for the maintenance and repair of sewer lateral vent caps and cleanouts, so as to ensure that the waters or wastes discharged by any party into the Municipality System shall not contain, to the maximum extent possible, storm water, sump pump discharges, roof or surface drainage, or any discharges other than wastewater. Should sources of excessive I&I exist as determined by Aqua or any Governmental Authority having jurisdiction, the Municipality shall in a timely manner use its best efforts to locate and correct these conditions, in accordance with any Government Authority requirements. If the Municipality does not have an ordinance regarding the inspection and repair of sewer laterals in effect on the Effective Date, within one (1) year of the Effective Date, the Municipality shall enact an ordinance regarding the inspection and repair of sewer laterals and be responsible for the management and enforcement of such ordinance.

7.6. Violation of Permit or Law. In the event the Flow or wastewater characteristics from the Municipality System causes a violation of any Law or Permit related to the Acquired System, as may be established by specific, split sampling and independent laboratory and engineering analysis performed by Aqua and the Municipality or DEP, and whereby external fines or penalties may result, the Municipality shall be solely responsible for such fines and penalties, and all costs and expenses incurred by Aqua as a result thereof, including reasonable attorneys' and consultants' fees and expenses. If external fines and penalties are a result of shared violation of Aqua and the Municipality, Aqua and the Municipality shall share the burden of such fines and penalties based upon their proportionate share of the total Flow. If there are external fines and penalties resulting from a shared violation which is attributable to multiple Contributing Users, but the Contributing User or Users who caused the violation cannot be identified, then the obligation to pay the fines and penalties shall be shared by the Contributing Users in proportion to their share of the total Flow. The provision of this Section shall survive the expiration of this Agreement.

8. Metering Devices. Aqua shall pay for all costs and expenses that Aqua incurs related to the installation and maintenance of any metering device (a) at any Connection Point, or (b) used to calculate the Flow emanating from the Municipality System to the Acquired System located elsewhere in the Acquired System, anywhere in the Municipality System or anywhere else, which shall include, without limitation, the cost of the metering device and any other equipment related or ancillary to such metering device and labor incurred in installing and maintaining any metering device ("Metering Costs").

9. Compliance with Laws. Each Party shall comply with all applicable present and future Laws having jurisdiction over such Party or such Party's Facilities, all present and future Permits applicable to such Party's Facilities and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

10. Sampling and Monitoring Equipment. Aqua may install, in its sole and absolute discretion and at its sole cost and expense, sampling and monitoring equipment ("Sampling Equipment") at the Connection Points for the purpose of sampling and analyzing the wastewater delivered to the Acquired System and to ensure compliance with the Aqua Tariff. Aqua shall own and operate any Sampling Equipment that it elects to install and shall be responsible, at its sole cost and expense, for designing, installing, operating, maintaining, updating and replacing any Sampling Equipment that it elects to install. Aqua shall collect 24-hour flow proportional composite samples, if feasible, and shall split samples with the Municipality for concurrent independent analysis by the Municipality.

11. Easements and Licenses Regarding Flow Meters and Sampling and Monitoring Agreement. The Municipality hereby grants Aqua an easement over any of its property and a license to access the Municipality System in order to install, access, operate or maintain (a) the Flow meters installed in the Municipality System, and (b) any Sampling Equipment that Aqua elects to install pursuant to Section 10. On the request of Aqua, the Municipality shall execute and deliver to Aqua any agreement or instrument in form and substance reasonably acceptable to Aqua in connection with or related to any such easement or license. Aqua may utilize the Sampling Equipment on a routine basis, in its sole and absolute discretion. The Municipality may request Aqua to conduct a sampling of the wastewater outside of Aqua's normal sampling and testing procedure, at the Municipality's sole expense and the Municipality shall share the results of the sampling with Aqua upon Aqua's request and expense.

12. Industrial Waste Survey. The Municipality shall maintain a current list of users of the Municipality System that generate nondomestic waste or industrial waste in accordance with the following (a "Industrial Waste Survey"):

12.1. The Industrial Waste Survey shall include the facility name and address of all users that generate nondomestic waste or industrial waste whose wastewater passes through the Municipality System to the Acquired System, the nature of each user's business and the name and contact information of a responsible individual to be contacted at each user.

12.2. An updated Industrial Survey shall be provided to Aqua within thirty (30) days of the Effective Date. The list shall include users that have been added as well as those that have been removed or where site operations have changed.

12.3. The Municipality shall provide to Aqua the results of its updated Industrial Waste Survey on or prior to March 31, June 30, September 30, and December 31 of each year during the Term.

13. Rates for Service. In connection with Aqua's collection, conveyance, treatment and disposal of wastewater from the Municipality emanating from the Municipality System, the Municipality shall pay to Aqua a rate based on thousands of gallons of Flow as determined pursuant this Agreement (the "Rate"). For the period commencing on the Effective Date through the first full year, the Rate shall be Three and 66/100 Dollars (\$3.66) per thousand gallons. For each of the next two (2) years during the Term following the first full year, the then current Rate shall increase by three percent (3%). The PUC retains ultimate jurisdiction over setting the Rate,

and this Agreement shall be subject to PUC review and approval. To the extent the PUC determines the Rate set forth in this Agreement is unjust or unreasonable, this Agreement shall remain in effect and Aqua's shareholders shall be responsible for the difference between the rate the PUC determines is just and reasonable and the Rate in this Agreement.

14. Invoicing and Payment Terms. During each year during the Term, Aqua shall bill the Municipality quarterly for service through March 31, June 30, September 30 and December 31 in arrears. Any quarterly amount due for any partial quarter during the Term shall be prorated based on the number of days within such quarter that fall within the Term. The Municipality shall pay each quarterly bill to Aqua in full within forty-five (45) days after the date of the bill. Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due.

15. Peak Flow Limitations. The Municipality shall be limited to a peak daily flow of four (4) times its three-year annual average daily flow rate (the "Peak Flow Limitation Amount"). Aqua shall notify the Municipality within 30 days of any exceedance of the Peak Flow Limitation Amount and shall also notify the Municipality in a timely manner of any daily flows that exceed 90% of the Peak Flow Limitation Amount for a period of 3 consecutive days. Should the Municipality exceed the Peak Flow Limitation Amount, the Municipality shall be penalized \$1,000.00 for each day in which the flow exceeds the Peak Flow Limitation Amount. The Municipality shall submit payment for each flow exceedance within 60 days of being notified by Aqua of the flow exceedance. In lieu of the Municipality paying the subject penalty payment to Aqua, the Municipality shall be permitted to use this money to address I&I within the Municipality System. If the Municipality elects to make improvements to the Municipality System to address I&I, the Municipality shall (a) notify Aqua in writing within 60 days of receiving notification of the flow exceedance that the Municipality intends to make improvements to the Municipality System, which notice shall include what improvements the Municipality intends to make to the Municipality System, (b) complete such improvements to the Municipality System within two (2) year of the date of its notice to Aqua of its intent to make such improvements (the "Improvement Completion Period"), and (c) within 30 days of the end of the Improvement Completion Period, submit documentation acceptable to Aqua certifying that such improvements have been made. If the Municipality elects to make improvements to the Municipality System, and such improvements are not fully completed within the Improvement Completion Period, within 60 days of the end of the Improvement Completion Period, the Municipality shall pay \$5,000 to Aqua. The provisions of this Section 15 shall become effective on the third anniversary of the date on which Aqua commences billing the Municipality solely on flow metering. The intent of this peak daily flow limitation requirement is to encourage the Municipality to make I&I repairs to the Municipality System.

16. Municipality System. During the Term, the Municipality shall, at its sole cost and expense, maintain the Municipality System in good repair and operating condition, and continuously operate the same in accordance with prudent industry practices and standards. Aqua shall have no obligation or liability to repair, maintain, expand or modify any part of the Municipality System and any repair, maintenance, expansion or modification of all or any part of the Municipality System shall be at the sole cost and expense of the Municipality.

17. Indemnification

17.1. Indemnification by the Municipality. The Municipality shall indemnify and defend Aqua, and Aqua's directors, officers, employees, representatives and agents (collectively the "Aqua Indemnified Parties") against, and shall hold the Aqua Indemnified Parties harmless from and against, and shall pay and reimburse the Aqua Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Aqua Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.1.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of the Municipality in connection with the collection or conveyance of any wastewater emanating from the Municipality System except to the extent that any such injury, death or damage is caused by Aqua (including, without limitation, resulting from any breach of this agreement by Aqua);

17.1.2. any claim, litigation, proceeding or action of any kind whatsoever by any Governmental Authority or third party related to (i) any action or inaction of the Municipality with respect to the Municipality System, or (ii) the collection, conveyance, treatment or disposal of any wastewater emanating from the Municipality System except to the extent that any such claim or action is the result of any action or inaction of Aqua; or

17.1.3. any breach by the Municipality of any of its covenants or obligations under this Agreement.

17.2. Indemnification by Aqua. To the extent that the Municipality is not immune under applicable Law, Aqua shall indemnify and defend the Municipality, and the Municipality's elected officials, directors, officers, employees, representatives and agents (collectively the "Municipality Indemnified Parties") against, and shall hold the Municipality Indemnified Parties harmless from and against, and shall pay and reimburse the Municipality Indemnified Parties for, any and all Losses incurred or sustained by, or imposed upon, the Municipality Indemnified Parties related to, based upon, arising out of, with respect to or by reason of:

17.2.1. any injury (including death) to any Person or damage to any property related to, based upon, arising out of or by reason of any action or inaction of Aqua in connection with the treatment or disposal of any wastewater emanating from the Connection Points of the Municipality System except to the extent that any such injury, death or damage is caused by the Municipality (including, without limitation, resulting from any breach of this Agreement by the Municipality) and/or any third party (including, without limitation, any other Contributing User); or

17.2.2. any breach by Aqua of any of its covenants or obligations under this Agreement.

If any claim is made or action or proceeding filed against the Municipality for which the Municipality could potentially seek indemnification from Aqua pursuant to the provision of this

Section 17.2, the Municipality shall not waive or seek to waive any immunity afforded to it pursuant to applicable Law.

17.3. The provision of this Section 17 shall survive the expiration of this Agreement.

18. Enforcement Obligation. The Municipality shall, at Aqua's request, enforce, promptly and to the fullest extent of its authority and at its sole cost and expense, all standards, criteria, requirements, and thresholds established by any Law (including any ordinances or regulation of the Municipality), Governmental Authority or Permit or the Aqua Tariff (each, a "Wastewater Standard"), against any Person, which violates a Wastewater Standard and which Aqua in good faith has identified as having a wastewater flow which violates a Wastewater Standard.

19. Consent to City Updating of City's Act 537 Plan. The Municipality acknowledges that in connection with the City's sale of the Acquired System to Aqua, the City is required to update the City's Act 537 Plan. On the City completing its updating of its Act 537 Plan, at the request of Aqua or the City, the Municipality shall review the update to the City's Act 537 Plan and, if appropriate, shall pass a resolution in form and substance acceptable to DEP and the City approving the City's updated Act 537 Plan. Review and approval shall not be unreasonably delayed or withheld. The City is and shall be an intended third-party beneficiary of this Section 19 and shall have the right to enforce directly the terms and conditions of this Section 19. The terms of this Section 19 shall be effective as of the Execution Date.

20. Future Plant Expansion. In accordance with DEP Chapter 94 regulations, should the Acquired Treatment Plant be projected to exceed its design capacities within a five year term, Aqua shall send notice of such event to the Municipality; and, within six (6) months of the date of such notice, the City or Aqua and the Municipality shall initiate planning in accordance with Act 537 to evaluate the need for expansion of the treatment facilities.

21. Planning Modules. For any changes within the Municipality (for example, subdivision, land development, system expansion, among others) that requires DEP Sewage Facilities Planning approval, the Municipality will provide the complete and appropriate planning module components to Aqua for review. For any planning modules that do not cause an overload condition, Aqua will review the planning modules in a timely manner for Municipality's use in submission to DEP, and Aqua's approval will not be unreasonably withheld.

22. Miscellaneous.

22.1. Inspection and Audit. Aqua and the Municipality agree to maintain complete and accurate records and accounts concerning their responsibilities under this Agreement. All Parties shall, at all times, have the right to examine and inspect said records and accounts upon thirty (30) days' written notice. If required by law or regulation, Aqua and the Municipality shall make said records and accounts immediately available to federal and state authorities.

22.2. Waiver of Rights. The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

22.3. Modification. This writing constitutes the entire Agreement between the parties and there are no representations or agreements, verbal or written, other than those contained herein. This Agreement may be modified, amended or supplemented by the written agreement of the Parties.

22.4. Necessity of Permits. In the event that a Governmental Authority refuses to issue any material Permit and the Parties have no recourse to appeal and obtain such denied Permit during the Term, and such Permit may be necessary to accomplish the intent and purpose of this Agreement, then the Parties hereto shall be relieved from further compliance with the terms of this Agreement, except for payments for services actually being rendered, until such time when such Permit or Permits shall be issued and then this Agreement shall become fully operative and the Parties hereunder shall be bound by all the terms hereof.

22.5. Severability. Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

22.6. Interpretation. For purposes of this Agreement, unless the context otherwise requires, references in this Agreement to (a) Sections are to Sections of this Agreement; (b) exhibits and schedules are to exhibits and schedules attached to this Agreement and (c) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

22.7. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes and binding execution and delivery hereof.

22.8. Addresses. Whenever a notice is required to be given in writing by mail, the following addresses shall be used, unless a different address is specifically called for:

Municipality: [●]

Aqua: Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue

Bryn Mawr, PA 19010
Attn: President

with required copy to:
Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010
Attn: General Counsel

22.9. Termination of Existing Agreements. On the Effective Date, all existing agreements, whether written, oral or implied, between or among the City and the Municipality with respect to the conveyance and/or treatment of wastewater [, **including, but not limited to the Existing Agreement,**]² shall terminate and be of no further force or effect.

22.10. Choice of Law. This Agreement shall be governed by and construed with the laws of the Commonwealth of Pennsylvania except for those requirements, terms, duties and conditions regulated by federal law, and jurisdiction shall be in the Court of Common Pleas of Beaver County.

22.11. Arbitration. Any controversy, claim or dispute arising out of, or relating to this Agreement, or the breach thereof, may, if agreed by the parties, be settled by arbitration, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in the Court of Common Pleas of Beaver County. Notwithstanding the above, any controversies, claims and disputes that are within the jurisdiction of the PUC shall be resolved before the PUC.

22.12. Force Majeure. Notwithstanding any other provision of this Agreement, no Party hereto shall be responsible for damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, unforeseeable breakdown of the Acquired Treatment Plant, or other event beyond its reasonable control. The Party having the responsibility for the Facilities so affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared, if applicable, to the extent provided elsewhere herein.

22.13. Most Favored Nation. During the Term, Aqua shall not enter into any bulk treatment agreement with any municipality or authority related to the acceptance, treatment, and disposal of wastewater by the Acquired System (a "Bulk Treatment Agreement") which provides for, or modify any existing Bulk Treatment Agreement to provide for, a bulk treatment rate per thousand gallons that is less than the then current Rate being charged to the Municipality under this Agreement.

22.14. Entire Agreement. This Agreement, together with all schedules and exhibits attached hereto, constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such the matter hereof.

² NTD: Bracketed provision would be included for a municipality/authority that has a current written agreement with the City regarding the collection and treatment of wastewater.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed and their respective corporate seals affixed the day and year first above written.

AQUA:

MUNICIPALITY:

AQUA PENNSYLVANIA
WASTEWATER, INC.

[•]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

The City, intending to be legally bound, is executing this Agreement solely for the purpose of agreeing to the provisions of Section 22.9. No other terms or obligations within this Agreement apply to the City.

CITY OF BEAVER FALLS

By: _____

Name: _____

Title: _____

EXHIBIT A
CONNECTION POINTS

EXHIBIT B
CONNECTION POINTS HAVING FLOW METERS

EXHIBIT C
CONNECTION POINTS NOT HAVING FLOW METERS

**AMENDED
EXHIBIT G**

AQUA PENNSYLVANIA WASTEWATER, INC.
(hereinafter referred to as the "Company")

RATES, RULES, AND REGULATIONS

GOVERNING THE COLLECTIONS OF

WASTEWATER

IN PORTIONS OF

ADAMS, **BEAVER**, BERKS, BUCKS, CARBON, CHESTER, CLARION, CLEARFIELD,
DELAWARE, LACKAWANNA, LUZERNE, MONROE, MONTGOMERY, PIKE, SCHUYLKILL,
VENANGO, AND WYOMING COUNTIES

IN THE COMMONWEALTH OF PENNSYLVANIA

ISSUED: **XX/XX/XXXX**

EFFECTIVE: **XX/XX/XXXX**

By:

Marc Lucca, President
Aqua Pennsylvania, Inc.
762 Lancaster Avenue
Bryn Mawr, Pennsylvania 19010

NOTICE

**THIS TARIFF ESTABLISHES WASTEWATER RATES FOR CUSTOMERS OF THE
CITY OF BEAVER FALLS SITUATED WITHIN BEAVER COUNTY,
PENNSYLVANIA.**

LIST OF CHANGES MADE BY THIS TARIFF

Changes: This tariff makes changes to the reflect the acquisition of the wastewater assets of the City of Beaver Falls located in Beaver County, Pennsylvania. Closing on the acquisition took place on XX/XX/XXXX, with the effective date of ownership occurring at 12:01AM on XX/XX/XXXX. (See page XXX)

This tariff is made pursuant to the Commission's Order adopted at Docket No. A-2022-3033138, which authorizes the issuance of the Certificate of Public Convenience.

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Description of Territory Served	6	Original Page
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Description of Territory Served (Cont'd)	8	XXXX Revised (C)
Held For Future Use	9	Original Page

SCHEDULE OF RATES:

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Rate Zone 3	10.3.1	Original Page
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Rate Zone 14 - Beaver Falls Division	10.14	Original Page (C)
Rate Zone 14 - Beaver Falls Division (cont'd)	10.14.1	Original Page (C)

DESCRIPTION OF TERRITORIES SERVED

	<u>Township</u>	<u>County</u>
RATE ZONE 12		
Lower Makefield Township Division	Lower Makefield	Bucks
RATE ZONE 13		
East Whiteland Township Division	East Whiteland	Chester
Sewer District A: that part of East Whiteland Township not included within Districts B, C, D, and E		
Sewer District B: properties served by the western extension of the Route 30 sewer main		
Sewer District C: residential dwellings located in the Lockwood Chase subdivision		
Sewer District D: all properties that flow into and whose effluent is treated at the sanitary sewage facility that serves the dwellings in the Malvern Hunt development		
Sewer District E: all commercial and residential properties located in the Atwater development south of the quarry		

A depiction of the Sewer Districts as noted above can be found in Revised Exhibit H to the Application filed at Docket No. A-2021-3026132

RATE ZONE 14		
Beaver Falls Division	City of Beaver Falls	Beaver
Beaver Falls Division	Eastvale Borough	Beaver
Beaver Falls Division	West Mayfield Township	Beaver

*All Divisions and Subdivisions above are billed on a per EDU basis, with the exception of the Media Division, Plumsock Division, Treasure Lake Division, Village of Valley Forge Division and Beaver Falls Division

SCHEDULE OF RATES

RATE ZONE 14 – METERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 14 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

QUARTERLY SERVICE & CONSUMPTION CHARGES (\$)

		Gallons per Quarter	Rate Zone 14 Quarterly
<u>RESIDENTIAL</u>	Base	0 to 3,000 Gallons	\$43.64
	Block 1	Over 3,000 Gallons	\$8.71 per 1,000 gallons
<u>COMMERCIAL</u>	Base	0 to 3,000 Gallons	\$43.64
	Block 1	Over 3,000 Gallons	\$8.71 per 1,000 gallons
<u>Bulk Rates</u> ⁽¹⁾			\$4.68 per 1,000 gallons
<u>Bulk Rate Other (Dalton)</u>			\$4.68 per 1,000 gallons

MONTHLY SERVICE & CONSUMPTION CHARGES (\$)

<u>COMMERCIAL & INDUSTRIAL</u>	Base	0 to 1,000 Gallons	\$14.54
	Block 1	Over 1,000 Gallons	\$8.71 per 1,000 gallons

The DSIC surcharge shall not be applied to bills of wastewater customers in the Beaver Falls division; this will remain effective until an amended Long-Term Infrastructure Improvement Plan (LTIIP) is filed and approved which includes Beaver Falls. Following the approval of an amended LTIIP, the DSIC surcharge shall be applicable to wastewater customers in the Beaver Falls division.

⁽¹⁾ Bulk Rate service is available to municipalities and municipal authorities that provide their own wastewater collection system but obtain conveyance and treatment service from the Beaver Falls division and do not have a wastewater service agreement with Aqua.

RATE ZONE 14 – CONTINUED

Industrial Pretreatment Program-Beaver Falls (IPP-Beaver Falls)A. Introduction

1. This Section applies to Industrial and Commercial customers served under Rate Zone 14 of this Tariff. All customers subject to this section (“Users”) shall comply with the Wastewater Control Regulations and Industrial and Commercial Service Limitations as set forth in Section H and M, respectively, of the Company’s Tariff, as amended from time to time, except as such rules and regulations are modified by this Section.
2. The Users shall be responsible for the charges and fees set forth below for the administration of the IPP-Beaver Falls. IPP fees are in addition to any other charges set forth in this Tariff.
3. Specific limitations and prohibitions applicable to Industrial and Commercial Users under this Section are set forth on Aqua’s website regarding IPP-Beaver Falls.
4. Users shall be required to enter into a separate pretreatment agreement to govern specific limitations; prohibitions; conditions; duties and responsibilities; and sampling, monitoring and reporting requirements.

B. Charges

1. Industrial Wastewater Discharge Contract Application/Renewal Fee: \$300.00
2. Specific Fees to be applied to quarterly flow, if the quarterly average results from samples collected from the discharge exceeds 300 ppm for BOD₅ or 275 ppm for TSS:
 - a. BOD₅ Rate per 1,000 gallons = $0.00834 \times \$0.25 \times (\text{BOD}_5 \text{ Sample} - 300)$
 - b. TSS Rate per 1,000 gallons = $0.00834 \times \$0.15 \times (\text{TSS Sample} - 275)$
3. Industrial Surcharge Rate: \$0.01 per gallon.

**AMENDED
EXHIBIT I1**



NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION

Docket No. A-2022-3033138

Dear Customer:

On [DATE], the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Aqua Pennsylvania Wastewater, Inc. (Aqua) for approval to acquire the City of Beaver Falls (Beaver Falls) wastewater system assets. Beaver Falls serves approximately 3,200 customers in Beaver County, Pennsylvania. Aqua's application also requests that the PUC authorize an addition of up to \$41.25 million to Aqua's rate base pursuant to 66 Pa. C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of several components used to establish a utility's customer rates.

Aqua periodically makes applications to the PUC for newly acquired systems which requires Aqua to send these types of notices. This notice is specific to the Beaver Falls acquisition.

Aqua is not requesting a rate increase in this acquisition proceeding. This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Aqua customers, including the new Beaver Falls wastewater customers. Aqua is not requesting a rate increase as part of the acquisition. Your rates will not change as a result of this transaction until the conclusion of an Aqua rate case where Aqua includes the Beaver Falls system and requests and receives PUC approval to increase its rates. At that time, based on a preliminary analysis of the potential rate impacts, Aqua estimates that the rates of the average customer could increase. The amount of the increase will be determined in Aqua's next base rate case and will be dependent on how the PUC chooses to apportion the increase among Aqua's acquired and existing customers. The tables below present non-binding, estimated incremental rate effects of the proposed rate base addition on Aqua's existing water and wastewater customers:

Aqua Wastewater Customers

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	4,000 gal/month	\$2.54	3.02%
Commercial/Public	8,330 gal/month	\$4.05	3.02%
Industrial	1,500 gal/month	\$1.38	3.02%

Aqua Water Customers

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	4,000 gal/month	\$0.18	0.24%
Commercial/Public	33,380 gal/month	\$1.06	0.24%
Industrial	200,150 gal/month	\$5.14	0.24%

The amounts stated above could change and will depend on how the PUC chooses to apportion any increase among the types of service, rate zones, and classes of customers.

PUC ROLE

The state agency which approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition and requested \$41.25 million in additional rate base. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve or modify the \$41.25 million addition to rate base. The PUC will issue a decision on the application on or around [DATE].

ACTIONS YOU CAN TAKE

You can support or challenge Aqua's request by:

- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to Aqua's acquisition of Beaver Falls' wastewater system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2) Attending or presenting testimony at a PUC Public Input Hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation into Aqua's transaction and there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1.800.692.7380.
- 3) Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before [DATE]. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Aqua's counsel at Post & Schell, P.C., Attn: Michael Hassell, 17 North Second Street, 12th Floor, Harrisburg, PA 17101.

The documents filed as part of this application are available for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, on the PUC's website at www.puc.pa.gov and at Aqua's offices at 762 West Lancaster Avenue, Bryn Mawr, PA 19010. The PUC docket number is A-2022-3033138.

**AMENDED
EXHIBIT I2**

NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION

Docket No. A-2022-3033138

Dear Customer:

On [DATE], the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Aqua Pennsylvania Wastewater, Inc. (Aqua) for approval to acquire the City of Beaver Falls (Beaver Falls) wastewater system assets. We look forward to serving the Beaver Falls community in the future. Beaver Falls serves approximately 3,200 customers in Beaver County, Pennsylvania. Aqua's application also requests that the PUC authorize an addition of up to \$41.25 million to Aqua's rate base pursuant to 66 Pa. C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of several components used to establish a utility's customer rates.

Aqua is not requesting a rate increase in this acquisition proceeding. This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Aqua customers, including the new Beaver Falls wastewater customers. Aqua is not requesting a rate increase as part of the acquisition. Your rates will not change as a result of this transaction until the conclusion of an Aqua rate case where Aqua includes the Beaver Falls system and requests and receives PUC approval to increase its rates. At that time, based on a preliminary analysis of the potential rate impacts, Aqua estimates that the rates of the average customer could increase. The amount of the increase will be determined in Aqua's next base rate case and will be dependent on how the PUC chooses to apportion the increase among Aqua's acquired and existing customers. The tables below present non-binding estimated incremental rate effect of the proposed rate base addition on Beaver Falls' wastewater customers, which include estimates with and without cost sharing. Aqua has sought cost sharing in later rate filings for acquired systems and therefore we are providing both scenarios in this notice:

Beaver Falls Customers rates assuming costs are shared with other Aqua customers

Rate Class	Average Usage	Estimated Quarterly Increase	Estimated Percentage Increase
Residential	9,490	\$112.64	112.49%
Commercial	39,870	\$410.35	112.49%
Industrial (Monthly)	96,710	\$322.43	112.49%
Public	69,260	\$689.35	112.49%
Bulk Other (Dalton)	440,530	\$7,499.42	112.49%

Beaver Falls Customers rates assuming no costs are shared with other Aqua customers

Rate Class	Average Usage	Estimated Quarterly Increase	Estimated Percentage Increase
Residential	9,490	\$165.83	165.61%
Commercial	39,870	\$604.13	165.61%
Industrial	96,710	\$474.70	165.61%
Public	69,260	\$1,028.14	165.61%
Bulk Other (Dalton)	440,530	\$11,040.94	165.61%

The amounts stated above could change and will depend on how the PUC chooses to apportion any increase among the types of service, rate zones, and classes of customers. The PUC has allowed some form of cost sharing with existing customers based upon prior cases.

PUC ROLE

The state agency which approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition and requested \$41.25 million in additional rate base. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve or modify the \$41.25 million addition to rate base. The PUC will issue a decision on the application on or around [DATE].

ACTIONS YOU CAN TAKE

You can support or challenge Aqua's request by:

- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to Aqua's acquisition of Beaver Falls' wastewater system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2) Attending or presenting testimony at a PUC Public Input Hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation into Aqua's transaction and there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1.800.692.7380.
- 3) Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before [DATE]. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Aqua's counsel at Post & Schell, P.C., Attn: Michael Hassell, 17 North Second Street, 12th Floor, Harrisburg, PA 17101.

The documents filed as part of this application are available for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, on the PUC's website at www.puc.pa.gov and at Aqua's offices at 762 West Lancaster Avenue, Bryn Mawr, PA 19010. The PUC docket number is A-2022-3033138

**AMENDED
EXHIBIT I3**

NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION

Docket No. A-2022-3033138

Dear [Contributing Municipality]:

On [DATE], the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Aqua Pennsylvania Wastewater, Inc. (Aqua) for approval to acquire the City of Beaver Falls (Beaver Falls) wastewater system assets. We look forward to serving the Beaver Falls community in the future. Beaver Falls serves approximately 3,200 customers in Beaver County, Pennsylvania. Aqua's application also requests that the PUC authorize an addition of up to \$41.25 million to Aqua's rate base pursuant to 66 Pa. C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of several components used to establish a utility's customer rates.

Aqua is not requesting a rate increase in this acquisition proceeding. This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Aqua customers, including the new Beaver Falls wastewater customers. Aqua is not requesting a rate increase as part of the acquisition. Your rates will not change as a result of this transaction until the conclusion of an Aqua rate case where Aqua includes the Beaver Falls system and requests and receives PUC approval to increase its rates. At that time, based on a preliminary analysis of the potential rate impacts, Aqua estimates that the rates of the average customer could increase. The amount of the increase will be determined in Aqua's next base rate case and will be dependent on how the PUC chooses to apportion the increase among Aqua's acquired and existing customers.

Aqua is required to provide a non-binding estimated incremental rate effect of the proposed rate base addition to customers. Aqua's estimates, based on average quarterly usage of 6,354,460 of the Contributing Municipalities¹ to the Beaver Falls system, quarterly rates could increase \$49,251.81 per quarter (or 165.61%), assuming no cost sharing with other Aqua customers. If costs are shared with other Aqua customers, the projected rate impact could be \$24,625.90 per quarter (or 112.49%).

The amounts stated above could change and will depend on how the PUC chooses to apportion any increase among the types of service, rate zones, and classes of customers. The PUC has allowed some form of cost sharing with existing customers based upon prior cases.

PUC ROLE

The state agency which approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition and requested \$41.25 million in additional rate base. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve or modify the \$41.25 million addition to rate base. The PUC will issue a decision on the application on or around [DATE].

ACTIONS YOU CAN TAKE

You can support or challenge Aqua's request by:

- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to Aqua's acquisition of Beaver Falls' wastewater system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.

¹ Big Beaver Borough, Eastvale Borough, North Sewickley Township, Patterson Township, Patterson Heights Borough, West Mayfield Borough, and White Township.

- 2) Attending or presenting testimony at a PUC Public Input Hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation into Aqua's transaction and there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1.800.692.7380.
- 3) Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before [DATE]. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Aqua's counsel at Post & Schell, P.C., Attn: Michael Hassell, 17 North Second Street, 12th Floor, Harrisburg, PA 17101.

The documents filed as part of this application are available for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, on the PUC's website at www.puc.pa.gov and at Aqua's offices at 762 West Lancaster Avenue, Bryn Mawr, PA 19010. The PUC docket number is A-2022-3033138

**SUPPLEMENTAL
EXHIBIT U**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA WASTEWATER, INC.

DOCKET NO. A-2022-3033138

AQUA STATEMENT NO. 1 SUPP

**SUPPLEMENTAL DIRECT TESTIMONY OF
WILLIAM C. PACKER**

**With Regard To
Updates to Appendix A
Reasonableness Review Ratio
Section 507 and 508**

March 2024

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I. INTRODUCTION 1

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AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF WILLIAM C. PACKER

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is William C. Packer. My business address is 762 West Lancaster Avenue,
4 Bryn Mawr, Pennsylvania 19010.

5

6 **Q. Are you the same William C. Packer that has provided direct testimony in this**
7 **proceeding?**

8 A. Yes

9

10 **Q. What is the purpose of your supplemental direct testimony?**

11 A. The purpose of my supplemental direct testimony is to update Appendix A to my
12 testimony and withdraw Aqua's request to the Commission to modify the existing
13 agreements between the City of Beaver Falls ("City" or "Beaver Falls") and the
14 Contributing Municipalities due to a settlement of the Civil Action filed by Patterson
15 Township, Patterson Heights Borough, White Township and West Mayfield Borough
16 ("Litigating Municipalities").

17

18 **Q. Are you sponsoring any Exhibits with your supplemental direct testimony?**

19 A. Yes. Attached to my testimony as Appendix A is an updated schedule showing the
20 revenue deficiency and overall impact on customers.

21

22

AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF WILLIAM C. PACKER

1 **Q. Except for the below changes, do you agree with your previous direct testimony**
2 **submitted in this proceeding?**

3 A. Yes.

4

5 **II. UPDATED APPENDIX A**

6 **Q. You previously testified that in *McCloskey*, the Commonwealth Court concluded**
7 **that the Commission must address rate impact “in a general fashion” when deciding**
8 **whether there is substantial public benefit. Please address the rate impact of the**
9 **Proposed Transaction.**

10 A. The current average bill of a residential customer in Beaver Falls, is approximately
11 \$100.13 per quarter. As my calculations in Appendix A show the average bill could
12 increase to approximately \$265.96 per quarter or a 165.61% increase, which assumes that
13 one hundred percent of the revenue requirement deficiency is borne by the acquired
14 customers of Beaver Falls. This is due to the intervening increases applied by Beaver
15 Falls since the initial Application was filed with the Commission.

16

17 **III. REASONABLENESS REVIEW RATIO**

18 **Q. Are you aware that the Commission has issued a Tentative Supplemental**
19 **Implementation Order¹ (“TSIO”) regarding the implementation of Section 1329 of**
20 **the Public Utility Code?**

21 A. Yes.

¹ *Valuation of Acquired Municipal Water & Wastewater System – Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 (Feb. 7, 2024).

AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF WILLIAM C. PACKER

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Q. Do you believe the Reasonableness Review Ratio (“RRR”) as set forth in the TSIO and what will be determined by the Commission in a final order should apply to this Proposed Transaction?

A. No. The City issued its request for bids (“RFB”) in July 2021. The Asset Purchase Agreement between Aqua and the City was signed in October 2021. Aqua, the City, and the Litigating Municipalities have worked diligently to arrive at a settlement that to allow this transaction to move through the Commission’s approval process. The Commission itself has stated:

The Commission would acknowledge that some transactions may be in the midst of negotiations, and as such, provide due consideration to the timing of the initial RRR release and any initial Section 1329 applications under this proposal. This would particularly be emphasized in the instance where an asset purchase agreement may be completed in close proximity to the issuance of the initial RRR.²

The City, Aqua, and the Litigating Municipalities have spent significant time and energy to move this Proposed Transaction forward, and therefore, this Proposed Transaction should be grandfathered.

² TISO at 8.

AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF WILLIAM C. PACKER

1 **IV. SECTIONS 507 AND 508**

2 **Q. You previously testified that Aqua has developed a pro-forma agreement to**
3 **negotiate with the Contributing Municipalities. Has Aqua entered into a new**
4 **wastewater service agreement with the Contributing Municipalities?**

5 A. Yes. In Aqua's effort to settle the civil proceeding filed by the Litigating Municipalities,
6 and to ensure that all the Contributing Municipalities have treatment agreements on
7 substantially similar terms, Aqua has developed and negotiated new Wastewater Service
8 Agreements with all of the Contributing Municipalities. I will note as I previously
9 testified, several of the Contributing Municipalities did not have a written agreement
10 prior to Aqua's involvement with the City and the Contributing Municipalities through
11 the proposed transaction.

12

13 **Q. You previously testified that Aqua was requesting that to the extent necessary the**
14 **Commission amend certain provisions of the prior agreements under Section 508 of**
15 **the Public Utility Code and that those Contributing Municipalities that do not have**
16 **an existing agreement be charged the Bulk Rate as set forth in Aqua's tariff. Is the**
17 **Company still requesting this modification?**

18 A. No. Since new Wastewater Service Agreements have been negotiated and entered into
19 between Aqua and the Contributing Municipalities, no amendment is needed under
20 Section 508 of the Public Utility Code.

21

22

AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF WILLIAM C. PACKER

1 V. **CONCLUSION**

2 Q. **Does this conclude your supplemental direct testimony?**

3 A. Yes it does. However, I reserve the right to supplement my testimony as additional
4 issues and facts arise during the course of this proceeding.

Aqua Pennsylvania Wastewater, Inc.
City of Beaver Falls - Wastewater

1.)	City of Beaver Falls - Wastewater	2025	
		Year 1	Notes
	Revenue	\$ 2,534,808	
	O&M	1,462,000	
	Depreciation	1,307,096	***3.09% Composite Depreciation Rate
	Taxes Other	74,383	
	Income Taxes	\$ (294,741)	*****21% Federal & 8.99% State
	Operating Income	\$ (13,929)	
	Rate Base at Fair Market Value	\$ 41,250,000	
	Capital Investments (Year 1)	\$ 1,050,834	
	Rate Base (Including Capital Investments less depreciation year 1)	\$ 40,993,739	
	Interest Expense ^	755,105	
	^ Includes Interest Expense synchronized with rate base		
	Required Operating Income (Rate Base x Rate of Return)	\$ 2,966,717	
	Operating Income Deficiency	\$ 2,980,646	
	Gross Revenue Conversion Factor	1.408541	
	Revenue Deficiency (Excess) \$	\$ 4,198,000	
	Revenue Deficiency (Excess) %	165.61%	
	Increase applied to Acquired (Authority) customers 80% Cost of Service	\$ 2,851,438	
	Increase %	112.49%	
	Increase applied to Acquired (Authority) customers 100%	\$ 4,198,000	
	Increase %	165.61%	
	Increase applied to Acquired (Authority) customers 50%	\$ 2,099,000	
	Increase %	82.81%	
	Increase applied to Existing (Company Wastewater) customers 50%	\$ 2,099,000	
	Increase %	3.02%	
	Increase applied to Existing (Company Water) customers 20% - Cost of S	\$ 1,346,562	
	Increase %	0.24%	

	Avg. Usage / Kgal	Estimated Quarterly Increase	Estimated Percentage Increase
Residential (Domestic) - 80% Cost of Service	9.49	\$ 112.64	112.49%
Commercial - 80% Cost of Service	39.87	\$ 410.35	112.49%
Industrial - 80% Cost of Service	96.71	\$ 322.43	112.49%
Public - 80% Cost of Service	69.26	\$ 698.35	112.49%
Bulk - 80% Cost of Service	6,354.46	\$ 33,453.67	112.49%
Bulk Other (Dalton) - 80% Cost of Service	440.53	\$ 7,499.42	112.49%
Residential - 100% Revenue Deficiency	9.49	\$ 165.83	165.61%
Commercial - 100% Revenue Deficiency	39.87	\$ 604.13	165.61%
Industrial - 100% Revenue Deficiency	96.71	\$ 474.70	165.61%
Public - 100% Revenue Deficiency	69.26	\$ 1,028.14	165.61%
Bulk - 100% Revenue Deficiency	6,354.46	\$ 49,251.81	165.61%
Bulk Other (Dalton) - 80% Revenue Deficiency	440.53	\$ 11,040.94	165.61%
Residential - 50% Revenue Deficiency	9.49	\$ 82.92	82.81%
Commercial - 50% Revenue Deficiency	39.87	\$ 302.07	82.81%
Industrial - 50% Revenue Deficiency	96.71	\$ 237.35	82.81%
Public - 50% Revenue Deficiency	69.26	\$ 514.07	82.81%
Bulk - 50% Revenue Deficiency	6,354.46	\$ 33,453.67	165.61%
Bulk Other (Dalton) - 80% Revenue Deficiency	440.53	\$ 5,520.47	82.81%
Impact Existing Customers (Company Wastewater) - Residential - 50%	4.00	\$ 2.54	3.02%
Impact Existing Customers (Company Wastewater) - Commercial - 50%	8.33	\$ 4.05	3.02%
Impact Existing Customers (Company Wastewater) - Industrial - 50%	1.50	\$ 1.38	3.02%
Impact Existing Customers (Company Wastewater) - Public - 50%	8.33	\$ 4.05	3.02%
Impact Existing Customers (Company Water) - Residential - 20% Cost of Ser	4.00	\$ 0.18	0.24%
Impact Existing Customers (Company Water) - Commercial - 20% Cost of Se	33.38	\$ 1.06	0.24%
Impact Existing Customers (Company Water) - Industrial - 20% Cost of Servi	200.15	\$ 5.14	0.24%
Impact Existing Customers (Company Water) - Public - 20% Cost of Service	33.38	\$ 1.06	0.24%

2.)	Rate of Return	Ratio	Cost Rate	WACC
	Debt	46.05%	4.00%	1.84%
	Equity	53.95%	10.00%	5.40%
		100.00%		7.24%

3.)	Gross Revenue Conversion Factor	
	Dollar of Revenue	1.0000000
	Less: Gross Receipts (Revenue) Tax	0.0000000
	Less: Reg Assessments	0.062%
	Less: Bad Debts	1.17%
	State Taxable Income	0.9820531
	State Income Tax	8.49000%
	Federal Taxable Income	0.8986768
	Federal Tax Rate	21.00%
	Federal Income Tax	0.1887221
	Net Revenue Dollar	0.7099547
	Gross Revenue Conversion Factor	1.4085406
	EFT	27.7071%

Aqua Pennsylvania Wastewater, Inc.
Calculation of City of Beaver Falls - Wastewater - Present Revenues

Address Type	Service	Billed Dollars	Quarterly Minimum Fee Up to 3 Kgal	Rate per Kgal	Customers	EDUs	Total Usage	Average Usage	Average Quarterly Bill	Average Monthly Bill
Domestic	Wastewater	\$1,153,108	\$43.64	\$8.71	2,879	3,078	109,238,000			
Domestic/Residential Total		\$1,153,108			2,879	3,078	109,238,000	9,486	\$ 100.13	\$ 33.38
Commercial	Wastewater	\$402,719	\$43.64	\$8.71	276	376	44,017,000			
Commercial Total		\$402,719			276	376	44,017,000	39,870	\$ 364.78	\$ 121.59
Industrial	Wastewater	\$24,077	\$43.64	\$8.71	7	7	2,708,000			
Industrial Total		\$24,077			7	7	2,708,000	96,714	\$ 859.89	\$ 286.63
Public	Wastewater	\$42,215	\$43.64	\$8.71	17	17	4,710,000			
Public Total		\$42,215			17	17	4,710,000	69,265	\$ 620.81	\$ 206.94
Bulk	Wastewater	\$832,689		\$4.68	7	3,767	177,925,000			
Bulk Total		\$832,689			7	3,767	177,925,000	6,354,464	\$ 29,738.89	\$ 9,912.96
Bulk Other	Wastewater	\$80,000		\$4.68	1	1	1,762,115			
Bulk Total		\$80,000			1	1	1,762,115	440,529	\$ 20,000.00	\$ 6,666.67
Total Service Revenue		\$2,534,808			3,187	7,246	340,360,115			

Aqua Pennsylvania Wastewater, Inc.**Calculation of City of Beaver Falls - Wastewater - Operating and Maintenance Expenses**

	2023
<u>OPERATING AND MAINTENANCE EXPENSES:</u>	<u>Year 1</u>
O&M Labor Exp Reg	\$ 435,000
O&M Labor Exp OT	20,000
O&M Employee Benefits	260,000
O&M Sludge Removal	62,000
O&M Purchased Power	125,000
O&M Chemicals	33,000
O&M Mgmt Fees	126,000
O&M Cust Ops ACO (@ \$10.00 per customer)	70,000
O&M OS Engineering	25,000
O&M OS Lab Testing	15,000
O&M OS Operations	-
O&M OS Maintenance	215,000
O&M Supplies	16,000
O&M Supplies	60,000
Total O&M Expenses =>	<u><u>\$1,462,000</u></u>

Aqua Pennsylvania Wastewater, Inc.**Calculation of City of Beaver Falls - Wastewater - Taxes Other Than Income**

<u>TAXES OTHER THAN INCOME (PRE-RATE CA</u>	<u>Rate</u>	<u>Year 1</u>
Payroll Taxes (FICA, FUTA, SUTA)	8.000%	\$ 34,800
Property Taxes / (Purta)	0.890%	\$ 22,560
Regulatory Assessments	0.672%	\$ 17,023
Total		<u>\$ 74,383</u>

Assessment Rates

Public Utility Commission	0.47%
Consumer Advocate	0.16%
Small Business Advocate	0.03%
Damage Prevention Committee	0.01%

Docket No. R-2021-3027385
Exhibit 1-A(a)

Schedule A-2
Witness: William C. Packer

AQUA PENNSYLVANIA, INC.
NUMBER OF CUSTOMERS SERVED
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS (1)	SERVED AT 3/31/2020 (2)	SERVED AT 3/31/2021 (3)	TO BE SERVED AT 3/31/2022 (4)	TO BE SERVED AT 3/31/2023 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Metered:							
2	Residential	398,180	400,887	401,624	402,361	402,250	-	111
3	Commercial	22,385	22,521	22,492	22,463	22,463	-	-
4	Industrial	740	728	728	728	728	-	-
5	Public	1,184	1,184	1,184	1,184	1,184	-	-
6	Bulk Water	-	-	-	-	-	-	-
7	Private Fire Protection	5,449	5,550	5,550	5,550	5,550	-	-
8	Sales to Water Utilities	10	13	13	13	13	-	-
9	Total Metered Customers	427,948	430,883	431,591	432,299	432,188	-	111
10	Other:							
11	Unmetered	2,801	2,246	2,246	2,246	2,229	-	17
12	Availability Charge	-	-	-	-	-	-	-
13	Public Fire Protection	268	267	267	267	267	-	-
14	Private Fire Protection	863	868	868	868	868	-	-
15	Total Customers	431,880	434,264	434,972	435,680	435,552	-	128

Docket No. R-2021-3027386
Exhibit 1-B through 1-G

Schedule A-2
Witness: William C. Packer

AQUA PENNSYLVANIA WASTEWATER, INC.
NUMBER OF CUSTOMERS SERVED
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS (1)	SERVED AT 3/31/2020 (2)	SERVED AT 3/31/2021 (3)	TO BE SERVED AT 3/31/2022 (4)	TO BE SERVED AT 3/31/2023 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Residential	31,411	37,986	38,078	38,170	37,829	70	271
2	Commercial	1,715	2,227	2,227	2,227	2,226	-	1
3	Industrial	9	9	9	9	9	-	-
4	Public	60	62	62	62	62	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	-	-	-	-	-	-	-
7	Total Customers	33,195	40,284	40,376	40,468	40,126	70	272
ADD					10,916			
	Lower Makefield Res				235			
	Com				-			
	Ind							
	East Whiteland Res/Com				3,895			
Total Existing WW Customers					55,514			

Wastewater Revenues at Tariff Rates=> Proof of Revenue & Exhibit 1-B through 1-G APWW Rate Case =>	\$ 55,789,513
Add Lower Makefield WW - Appendix A	\$ 10,038,836
Add East Whiteland Revenue - Appendix A	\$ 3,769,536
Total Existing Revenues	\$ 69,597,885

Docket No. R-2021-3027385

Water Revenues at Tariff Rates=> Proof of Revenue & Exhibit 1-A APW Rate Case =>	\$ 561,514,060
Add Shenandoah Water Revenue Revenue - Appendix A =>	\$ 1,927,789
Residential	\$ 366,237,202
Commercial	\$ 140,860,462
Industrial Revenues	\$ 22,537,674
Other Revenues	\$ 33,806,511
Total Existing Revenues (Res, Com, & Ind classes)	\$ 563,441,849

Docket No. R-2021-3027385

AQUA PENNSYLVANIA, INC.

1-A WATER AND 1-B WASTEWATER REVENUE REQUIREMENT - SUMMARY

	Total Company	Water Operations	Wastewater Base Operations	Wastewater Limerick	Wastewater East Bradford	Wastewater Cheltenham	Wastewater East Norriton	Wastewater New Garden
Present Rate Revenue	\$ 548,225,086	\$ 511,148,592	\$ 19,011,761	\$ 3,978,573	\$ 1,014,569	\$ 7,258,740	\$ 2,923,770	\$ 2,889,080
Additional Revenue Requirement	69,078,487	39,108,336	15,595,716	5,573,913	776,166	2,747,284	2,736,794	2,540,277
Act 11 Allocatic (1) 16.79%	(0)	11,257,132	(8,773,183)	(2,308,940)	(127,958)	2,032,232	(1,079,811)	(999,471)
Proposed Revenues	\$ 617,303,573	\$ 561,514,060	\$ 25,834,295	\$ 7,243,546	\$ 1,662,778	\$ 12,038,256	\$ 4,580,752	\$ 4,429,886
Rate Increase/(Decrease) - \$	\$ 69,078,487	\$ 50,365,468	\$ 6,822,533	\$ 3,264,973	\$ 648,209	\$ 4,779,516	\$ 1,656,983	\$ 1,540,806
Rate Increase/(Decrease) - %	12.60%	9.85%	35.89%	82.06%	63.89%	65.84%	56.67%	53.33%
			-25.35%	-24.17%	-7.15%	20.31%	-19.08%	-18.41%

Notes:
(1) The allocation between wastewater operations and water operations is achieved by the proposed consolidation of water and wastewater revenue requirements to derive the water and wastewater rates proposed by the Company in this case.

Aqua Pennsylvania Wastewater, Inc.
Residential Average Monthly Bill Comparison - Wastewater
Docket Nos. R-2021-3027386 and R-2021-3027386

<u>Current Rate Zone / Division</u>	<u>Current</u>	<u>New</u>	<u>Avg. Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Metered</u>	<u>Metered & Unmetered</u>
	<u>Rate Zone</u>	<u>Rate Zone</u>						<u>Number of Bil</u>	<u>Number of Bills</u>
RZ 1 - Bridlewood, Eagle Rock, Media	1	1	4,000	\$ 64.47	\$ 95.47	\$ 31.00	48.08%	16,347	16,359
RZ 10 - East Norriton	10	10	4,000	\$ 38.52	\$ 66.47	\$ 27.95	72.55%	52,639	55,124
RZ 10 - East Norriton - Whitpain	10	10	4,000	\$ 31.66	\$ 66.47	\$ 34.81	109.95%	66	66
RZ 11 - New Garden	11	11	4,000	\$ 73.03	\$ 138.50	\$ 65.47	89.65%	6,080	6,080
RZ 1A - Treasure Lake, Villiage at VF, Bunker Hill	1A	1A	4,000	\$ 59.01	\$ 95.47	\$ 36.46	61.79%	25,609	27,588
RZ 1B - Penn Township	1B	1	4,000	\$ 64.05	\$ 95.47	\$ 31.42	49.06%	9,953	9,953
RZ 2 - Emlenton, Rivercrest, White Haven	2	2	4,000	\$ 71.82	\$ 101.80	\$ 29.98	41.74%	11,088	20,435
RZ 3 - Beech Mountan Lakes, Deerfield Knoll, Laurel Lakes, Links at Gettysburg, Stony Creek, Thornhurst, and Willistown Woods	3	3	4,000	\$ 84.00	\$ 115.03	\$ 31.03	36.94%	26,224	26,224
RZ 5 - East Bradford (Brandywine), Little Washington, Greens at Penn Oaks, Sage Hill and Plumsock	5	5	4,000	\$ 118.02	\$ 150.30	\$ 32.28	27.35%	6,415	6,415
RZ 5 - Newlin Green	5	5	4,000	\$ 147.00	\$ 150.30	\$ 3.30	2.24%	588	588
RZ 5 - Sage Hill	5	5	4,000	\$ 189.00	\$ 150.30	\$ (38.70)	-20.48%	252	264
RZ 6 - Masthope	6	6	4,000	\$ 45.82	\$ 70.59	\$ 24.77	54.05%	16,452	16,488
RZ 7 - Limerick	7	7	4,000	\$ 39.73	\$ 78.53	\$ 38.80	97.67%	61,094	61,094
RZ 8 - East Bradford - Single Family Home	8 (Unmetered)	8 (Metered)	4,000	\$ 71.49	\$ 104.56	\$ 33.06	46.25%	4,596	4,596
RZ 8 - East Bradford - Townhome	8 (Unmetered)	8 (Metered)	4,000	\$ 55.36	\$ 104.56	\$ 49.20	88.88%	9,663	9,663
RZ 9 - Cheltenham	9	9	4,000	\$ 36.53	\$ 61.82	\$ 25.29	69.23%	117,807	117,807
RZ 3 - Links of Gettysburg, Thornhurst Div, Laurel Lakes, Woodloch Springs Unmetered	3	3	Unmetered	\$ 71.50	\$ 115.03	\$ 43.53	60.88%	11,496	11,496
RZ 4 - Honeycroft Village, Lake Harmony, New Daleville, Peddlers View, Tobyhanna Township, Twin Hills Unmetered	4	4	Unmetered	\$ 105.00	\$ 133.35	\$ 28.35	27.00%	23,389	23,389
RZ 7 - Limerick (Unmetered)	7 (Unmetered)	7 (Unmetered)	Unmetered	\$ 29.75	\$ 61.08	\$ 31.33	105.34%	6,078	6,078

Weighted Average Residential Bill (Metered & Unmetered) => \$ 84.33 * @ 4,000 Average Consumption

Where applicable, present rates includes DSIC at 5.00%.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media, Treasure Lake, Village at Valley Forge and Plumsock Divisions, which are customer charge based on the appropriate meter size of the applicable Rate Zone. The rates above represent a 5/8" meter or 1 EDU.

As per the Asset Purchase Agreement, the East Norriton Division rate increase will not become effective until June 20, 2022.

Aqua Pennsylvania Wastewater, Inc.
Commercial Average Monthly Bill Comparison - Wastewater
Docket Nos. R-2021-3027386 and R-2021-3027386

<u>Current Rate Zone / Division</u>	<u>Current Rate Zone</u>	<u>New Rate Zone</u>	<u>Avg. Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Metered</u>	<u>Metered & Unmetered</u>
								<u>Number of Bill</u>	<u>Number of Bills</u>
RZ 9 - Cheltenham	9	9	3,200	\$ 33.40	\$ 54.95	\$ 21.55	64.52%	84,326	84,326
RZ 7 - Limerick	7	7	5,800	\$ 51.89	\$ 93.24	\$ 41.35	79.70%	21,828	22,260
RZ 10 - East Norriton	10	10	24,500	\$ 220.00	\$ 220.90	\$ 0.89	0.41%	2,938	3,202
RZ 1 - Bridlewood, Eagle Rock, Media	1	1	39,400	\$ 346.96	\$ 504.71	\$ 157.74	45.46%	3,660	3,684
RZ 11 - New Garden	11	11	39,400	\$ 939.43	\$ 1,855.35	\$ 915.92	97.50%	1,281	1,281
RZ 1A - Treasure Lake, Village at VF, Bunker Hill	1A	1A	39,400	\$ 293.18	\$ 504.71	\$ 211.52	72.15%	729	789
RZ 1B - Penn Township	1B	1	39,400	\$ 484.58	\$ 504.71	\$ 20.13	4.15%	480	504
RZ 2 - Emlenton, Rivercrest, White Haven (Kidder)	2	2	39,400	\$ 372.90	\$ 542.05	\$ 169.15	45.36%	623	3,745
RZ 3 - Beech Mountain Lakes, Deerfield Knoll, Laurel Lakes, Links at Gettysburg, Stony Creek, Thornhurst, and Willistown Woods	3	3	39,400	\$ 399.95	\$ 539.89	\$ 139.95	34.99%	1,476	3,425
RZ 5 - East Bradford (Brandywine), Little Washington, Greens at Penn Oaks, Sage Hill and Plumsock	5	5	39,400	\$ 785.65	\$ 982.83	\$ 197.18	25.10%	42	42
RZ 6 - Masthope	6	6	39,400	\$ 82.99	\$ 165.27	\$ 82.28	99.14%	96	108
RZ 8 - East Bradford	8	8	44,500	\$ 335.21	\$ 569.71	\$ 234.49	69.95%	416	416
RZ 5 - Avon Grove School District	5	5	Flat	\$ 8,695.31	\$ 10,925.36	\$ 2,230.05	25.65%	12	12
RZ 4 - Honeycroft Village, Lake Harmony, New Daleville, Peddlers View, Tobyhanna Township, Twin Hills Unmetered	4	4	Unmetered (Per EDU)	\$ 105.00	\$ 133.35	\$ 28.35	27.00%	1,559	7,427
Weighted Average COMMERCIAL Bill (Metered & Unmetered) =>								\$ 134.14	
Where applicable, present rates includes DSIC at 5.00%. Weighted Average COMMERCIAL Consumption (Metered) =>								8,328.23	

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media, Treasure Lake, Village at Valley Forge and Plumsock Divisions, which are customer charge based on the appropriate meter size of the applicable Rate Zone. The rates above represent a 5/8" meter or 1 EDU.

As per the Asset Purchase Agreement, the East Norriton Division rate increase will not become effective until June 20, 2022.

Aqua Pennsylvania Wastewater, Inc.
Industrial Average Monthly Bill Comparison - Wastewater
Docket Nos. R-2021-3027386 and R-2021-3027386

<u>Current Rate Zone / Division</u>	<u>Current Rate Zone</u>	<u>New Rate Zone</u>	<u>Avg. Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Metered Number of Bills</u>	<u>Metered & Unmetered Number of Bills</u>
RZ 1 - Media	1	1	3,700	\$ 62.08	\$ 90.30	\$ 28.22	45.47%	12	12
RZ 9 - Cheltenham	9	9	1,250	\$ 25.78	\$ 40.88	\$ 15.10	58.57%	108	108

Weighted Average INDUSTRIAL Bill (Meterd & Unmetered) =>	\$ 45.82
Weighted Average INDUSTRIAL Consumption (Meterd & Unmetered) =>	1,495.00

Where applicable, present rates includes DSIC at 5.00%

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media, Treasure Lake, Village at Valley Forge and Plumsock Divisions, which are customer charge based on the appropriate meter size of the applicable Rate Zone. The rates above represent a 5/8" meter or 1 EDU.

As per the Asset Purchase Agreement, the East Norriton Division rate increase will not become effective until June 20, 2022.

Aqua Pennsylvania, Inc.
Residential Average Monthly Bill Comparison - Water
Docket Nos. R-2021-3027386 and R-2021-3027386

<u>Current Rate Zone / Division</u>	<u>Current Rate Zone</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg. Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>	<u>Consumption</u>	<u>Average Gallons</u>
Rate Zone 1 - Main Division	1	1	5/8"	4,000	\$ 69.35	\$ 77.51	\$ 8.16	11.77%	4,433,841	190,268,063	4,291
CC Gardens & Sand Springs	1*	1	5/8"	4,000	\$ 56.16	\$ 77.51	\$ 21.35	38.02%	11,125	437,656	3,934
Beech Mountain	1*	1*	5/8"	4,000	\$ 33.82	\$ 45.14	\$ 11.32	33.48%	11,304	385,051	3,406
Bristol Township	1*	1*	5/8"	4,000	\$ 40.85	\$ 54.81	\$ 13.96	34.17%	5,168	222,802	4,311
Mifflin Township	1*	1	5/8"	4,000	\$ 53.75	\$ 77.51	\$ 23.76	44.21%	5,815	184,250	3,169
Mt. Jewett	1*	1	5/8"	4,000	\$ 65.14	\$ 77.51	\$ 12.37	18.99%	4,796	143,987	3,002
Robin Hood Lakes	1*	1	5/8"	4,000	\$ 56.33	\$ 77.51	\$ 21.18	37.60%	2,413	74,484	3,087
Chalfont	2	2	5/8"	4,000	\$ 65.14	\$ 77.51	\$ 12.37	18.99%	26,538	1,120,730	4,223
Concord Park	2	2*	5/8"	4,000	\$ 46.66	\$ 62.77	\$ 16.12	34.55%	1,964	77,374	3,940
Superior	2	2	5/8"	4,000	\$ 69.35	\$ 77.51	\$ 8.16	11.77%	51,088	2,393,598	4,685
Treasure Lake	2	2*	5/8"	4,000	\$ 42.70	\$ 57.33	\$ 14.63	34.26%	25,628	828,948	3,235
Oakland Beach, CS Water (Masthope), Eagle Rock	3	3	5/8"	4,000	\$ 69.35	\$ 79.43	\$ 10.08	14.54%	65,052	1,424,213	2,189
Bunker Hill	Bunker Hill	Bunker Hill	5/8"	4,000	\$ 27.95	\$ 38.44	\$ 10.49	37.53%	829	40,581	4,895
Sun Valley	Sun Valley	Sun Valley	5/8"	4,000	\$ 20.96	\$ 38.00	\$ 17.04	81.28%	765	30,588	3,998
Phoenixville	Phoenixville	Phoenixville	5/8"	4,000	\$ 15.33	\$ 22.66	\$ 7.33	47.78%	5,502	212,940	3,870
Shenandoah	Shenandoah	Shenandoah	5/8"	4,000	\$ 62.33	\$ 62.33			2,702	89,931	3,328
Weighted Average RESIDENTIAL Bill @ 4,000 Avg. Gallons =>					\$	77.23					

Based on 5/8" meter and an average consumption of 4,000 per month.

Where applicable, present rates includes DSIC at 7.50%.

*Consumption Charge Exceptions

Aqua Pennsylvania, Inc.
Commercial Average Monthly Bill Comparison - Water
Docket Nos. R-2021-3027386 and R-2021-3027386

<u>Current Rate Zone / Division</u>	<u>Current Rate Zone</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg. Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
Rate Zone 1 - Main Division	1	1	5/8"	33,900	\$ 414.74	\$ 453.75	\$ 39.01	9.41%	273,458
CC Gardens & Sand Springs	1*	1	5/8"	32,100	\$ 340.27	\$ 470.46	\$ 130.19	38.26%	32
Beech Mountain	1*	1*	5/8"	45,200	\$ 182.86	\$ 298.85	\$ 116.00	63.44%	60
Bristol Township	1*	1*	5/8"	11,400	\$ 125.97	\$ 180.30	\$ 54.34	43.13%	1,797
Mifflin Township	1*	1	5/8"	16,000	\$ 156.95	\$ 234.57	\$ 77.62	49.46%	351
Mt. Jewett	1*	1	5/8"	33,900	\$ 414.74	\$ 453.75	\$ 39.01	9.41%	4,796
Chalfont	2	1	5/8"	6,000	\$ 96.11	\$ 104.61	\$ 8.51	8.85%	-
Concord Park	2	1*	4"	434,800	\$ 3,277.12	\$ 5,130.10	#####	56.54%	24
Superior	2	1	5/8"	6,000	\$ 96.11	\$ 104.61	\$ 8.51	8.85%	2,810
Treasure Lake	2	1*	5/8"	33,500	\$ 214.90	\$ 328.84	\$ 113.95	53.02%	386
Oakland Beach, CS Water (Masthope), Eagle Rock	3	3	5/8"	14,100	\$ 240.89	\$ 261.45	\$ 20.57	8.54%	1,044
Phoenixville	Phoenixville	Phoenixville	5/8"	19,100	\$ 60.63	\$ 89.70	\$ 29.07	47.95%	829
Shenandoah	Shenandoah	Shenandoah	5/8"	13,794	\$ 100.49	\$ 100.49			2,652
WA Consumption =>				33,382	WA Bill => \$		443.57		

Where applicable, present rates includes DSIC at 7.50%.

*Consumption Charge Exceptions

Aqua Pennsylvania, Inc.
Industrial Average Monthly Bill Comparison - Water
Docket Nos. R-2021-3027386 and R-2021-3027386

<u>Current Rate Zone / Division</u>	<u>Current Rate Zone</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg. Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
Rate Zone 1	1	1	5/8"	201,400	\$ 1,976.42	\$ 2,162.72	\$ 186.30	9.43%	9,057
Rate Zone 2	2	1	2"	201,400	\$ 2,053.29	\$ 2,306.21	\$ 252.93	12.32%	60
Rate Zone 3	3	3	5/8"	36,800	\$ 452.53	\$ 491.00	\$ 38.47	8.50%	12
Phoenixville	Phoenixville	Phoenixville	5/8"	3,600	\$ 14.13	\$ 20.88	\$ 6.75	47.76%	48
Shenandoah	Shenandoah	Shenandoah	5/8"	55,701	\$ 221.18	\$ 221.18			5
WA Consumption =>				200,150	WA Bill =>	\$ 2,149.22			

Where applicable, present rates includes DSIC at 7.50%.

**SUPPLEMENTAL
EXHIBIT W
(Public Version)**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2022-3033138

AQUA STATEMENT NO. 3 SUPP

**SUPPLEMENTAL DIRECT TESTIMONY OF
ZACH MARTIN**

**With Regard To
Operations
Customer Service
Public Benefits**

March 2024

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**AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN**

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Zach Martin. My business address is 665 South Dock Street, Sharon, PA
4 16146.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Aqua Pennsylvania, Inc. (“Aqua PA”), as the Western Pennsylvania
8 Area Manager.

9

10 **Q. Please provide a brief description of your education and work experience.**

11 A. I graduated from the Kent State University with an Associate of Science degree in 2009
12 and then a Bachelor of Business Administration in 2021. I have worked in the water and
13 wastewater industry for nineteen years. I began my career in the utility industry in the
14 spring of 2004 with the City of North Canton, Ohio as a water plant operator where I
15 secured my Class III Water Supply Certification from the Ohio EPA. I moved into a
16 leadership role in early 2009 as the Regional Water Superintendent for Portage County
17 Water Resources where I was responsible for managing plant and distribution employees
18 in the county operations of three water systems. I also served as backup to the wastewater
19 superintendent there for the 13 wastewater treatment plants and 113 lift stations. In 2010,
20 I moved to Aqua Ohio, Inc. as the Production Manager for the Struthers Division. There I
21 was responsible for the operations and maintenance of the large surface water system
22 including the 5 million gallon per day (“MGD”) surface water treatment plant and the five

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**AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN**

1 source water lakes and their six dams. In 2013, I was promoted in Aqua PA as the Assistant
2 Division / Production Manager and later a Plant Manager II in 2017, and I held that position
3 through 2021. During those eight years I was responsible for all aspects of production,
4 treatment, and distribution facilities of the eight drinking water systems in Western PA. In
5 2021, I was promoted to the position of Area Manager II. In total I have worked for the
6 Aqua subsidiaries of Essential Utilities, Inc. (“Essential”) (f/k/a Aqua America, Inc.) for
7 13 years. I am responsible for leading a team of employees delivering drinking water to
8 customers and returning treated wastewater back to the environment in nine counties of
9 Western Pennsylvania. I am involved in all aspects of operations including budgeting,
10 planning, employee relations, and process control. I am also involved in the business
11 development functions in my area of operations. I am also a veteran of Operation Iraqi
12 Freedom III and served in the U.S. Army and Ohio Army National Guard.

13
14 **Q. Do you hold any professional licenses or certifications?**

15 **A.** Yes. I hold three environmental operator certifications in two states. I am a Class-A
16 certified water and Class-A certified wastewater operator in Pennsylvania with 18
17 subclasses in total. I am also a Class 3 water supply licensed operator in the state of Ohio.
18 I have maintained operational laboratory certifications in both states as well.

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AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN

1 **Q. Have you previously testified before the Pennsylvania Public Utility Commission**
2 **(“PUC” or the “Commission”)?**

3 A. Yes. I previously submitted Direct Testimony in this proceeding, and I have submitted
4 testimony in Aqua Pennsylvania Wastewater, Inc.’s (“Aqua”) acquisition of Greenville
5 Sanitary Authority.

6
7 **Q. You stated you filed Direct Testimony in this proceeding, what is the purpose of your**
8 **Supplemental Direct Testimony?**

9 A. The purpose of my Supplemental Direct Testimony is to supplement my Direct Testimony
10 and provide additional discussion regarding operations of the City of Beaver Falls (“City”
11 or “Beaver Falls”) wastewater system (“the System”) and to discuss the public benefits of
12 this transaction.

13
14 **Q. Are you sponsoring any Exhibits associated with the Company’s filing as a part of**
15 **your Supplemental Direct Testimony?**

16 A. Yes. I am sponsoring ZM-SUPP Appendix A, which contains CONFIDENTIAL and
17 HIGHLY CONFIDENTIAL portions that have been marked as such.

18
19
20

AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN

1 **II. AQUA OPERATIONS, INTEGRATION OF THE SYSTEM, AND TECHNICAL**
2 **FITNESS**

3 **Q. In your direct testimony, do you describe the location of Aqua's operations in relation**
4 **to the System and how Aqua will integrate the System into its operations?**

5 A. Yes.

6

7 **Q. Is there further information that you can provide at this time about how Aqua will**
8 **integrate the System into its operations?**

9 A. Yes. As discussed in my Direct Testimony, the operation of the System will be managed
10 from Aqua PA's Western Area office in Sharon, PA. Management, customer service,
11 regulatory compliance, engineering, financial, and ancillary services will be provided
12 seamlessly from there with support from our Southeastern Headquarters office. Aqua plans
13 to offer employment to seven current employees of the City to address the day-to-day
14 operations of the System. The existing employees coupled with the over 30 front line
15 employees and management staff located within 40 miles of Beaver Falls provide
16 significant resiliency and improves operational support for the System. Combining System
17 and Aqua PA employees in conjunction with Aqua PA's "One PA" program creates
18 purposeful knowledge sharing opportunities for employees across all sectors of the
19 Company. In concert with the One PA program, Aqua has for more than a decade, a
20 corporate -wide "One Company Initiative" which solicits knowledge sharing from all areas
21 of Aqua which benefits all employees. By extension, Aqua PA's One PA philosophy and
22 the One Company Initiative benefits customers of both the System, Aqua PA and Aqua by

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**AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN**

1 creating a platform for sharing of best practices, table-top exercises, sharing of standard
2 operating procedures ("SOPs"), sharing of existing or new equipment such as generators,
3 lessons learned that may include new operating techniques or technologies, safety practices
4 and more.

5 Further, Aqua has significant equipment that can be shared with the System,
6 including for operation (vehicles, excavation, heavy haul), portable generators, common
7 supplies and material storage, and mobile safety systems that can be moved between
8 locations. While physical connection of the collection systems is not anticipated,
9 connection of security and computer systems will occur. Aqua has an integrated
10 Supervisory Control and Data Acquisition ("SCADA") system used to operate and monitor
11 operating systems such as pumps, treatment units and status alarms, such as chlorine gas
12 alarms. Aqua's SCADA system allows our operators to have better insights into the
13 operations of the system at all hours of the day and to be proactively alerted of any issues.
14 Currently, Beaver Falls does not have a full scale SCADA system. Aqua also maintains
15 an integrated security system that allows physical security to be observed in different
16 locations around the state. In the case of the Beaver Falls System, once systems are
17 installed and integrated with Aqua's security system, the physical security alarms will
18 notify operations staff at the Company's water treatment plant in Sharon, PA which is
19 staffed 24/7/365. In addition, security alarms from Aqua PA's Sharon, PA water treatment
20 plant will be shared at Beaver Falls which will alert those operators of possible problems
21 in Sharon, thus providing mutual assistance to both system's customers. This will ensure
22 safety of operations and personnel, as well as nearby residents and the environment.

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**AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN**

1

2 **Q. In addition to what you have explained in your Direct Testimony, how else will other**
3 **Aqua PA employees assist in the operation of the System, if needed?**

4 A. In addition to the information provided in my Direct Testimony, the support of Aqua PA
5 employees, electricians, mechanics, laboratory staff, and instrument technicians, will
6 benefit both the Beaver Fall’s employees and customers. Aqua has 12 wastewater
7 operators in the Western PA Area, many holding dual water and wastewater certifications,
8 who may be called upon to assist in the operations of the system. There are also 20 certified
9 water operators in the Western PA Area who are familiar with treatment systems and can
10 follow SOP if needed. These operators are also supported by Aqua PA employees, which
11 will benefit customers through engineering and field service functions as well as
12 electricians, mechanics, laboratory staff, and instrument technicians, which will benefit
13 both the Beaver Fall’s employees and customers.

14 A few examples of operational support that will be provided by Aqua to the Beaver
15 Falls System (which support does not exist today for the System) include:

- 16 (1) Environmental Compliance Audits conducted by staff that do not report to
17 the operation management group;
- 18 (2) Safety teams that conduct “housekeeping” and safety audits that seek to find
19 and eliminate potential dangers;
- 20 (3) A “Near-Miss” program that allows any employee to report an observed
21 safety concern and a process that ensures the issue is resolved timely;
- 22 (4) A full-time Aqua PA One-Call management team (Damage Prevention) that
23 ensures the requirements of Act 50 of 2017 are met, and that staff receive
24 regular training;
- 25 (5) Mapping updates by an in-house Geographic Information System (GIS)
26 team;

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AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN

- 1 (6) Wastewater process experts that will review the processes for targeted
2 parameters and if needed, assist in resolving any process upset situations;
- 3 (7) Emergency response support in the form of “national contracted vendors”,
4 fleet operations, and access to the approximately 600 Aqua PA employees
5 who can deploy to the location in support of Western PA operations, all
6 orchestrated through Aqua PA’s Emergency Response and
7 Communications process.

8 It is equally beneficial and important to note that eventually Beaver Falls employees
9 will be called upon to assist in others areas of Western PA operations. In so doing,
10 continued cross-training benefits the Systems as well customers of Beaver Falls and Aqua.
11 This sharing of employees from new acquisitions and existing systems is a mainstay of our
12 southeastern Pennsylvania wastewater operations where we have integrated wastewater
13 employees for Cheltenham, East Norriton and Lower Makefield. This integration ensures
14 operator familiarity with these systems and ensures continuity of operations during normal
15 and emergency operations. This type of planning and integration also ensures that Beaver
16 Falls will not be in the situation it is now – no supervisory personnel or adequate backup
17 personnel.

18
19 **Q. Please describe how the Beaver Falls employees will be integrated into and develop**
20 **their careers at Aqua.**

21 A. Following acquisition of the Beaver Falls System, Aqua will implement site-specific
22 training, as well as off-site cross training in other Aqua facilities to promote continuous
23 improvement and optimization, and to introduce compliance metrics to shift the plant into
24 high performance operations.

25

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**AQUA PENNSYLVANIA WASTEWATER, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF ZACH MARTIN**

1 **Q. In your Direct Testimony, you indicated that the System is similar to other systems**
2 **owned and operated by Aqua. Is that the case?**

3 A. Yes, it remains the case. However, after further investigation and review of the System, as
4 described below, the System is troubled, distressed and in need of significant investment
5 and operations review.

6
7 **Q. Do you believe that Aqua is technically fit to own and operate the system?**

8 A. Yes.

9
10 **Q. Are there any further reasons why Aqua has demonstrated itself to be fit to operate**
11 **this system after conducting additional investigation and review?**

12 A. As noted in my direct testimony, Aqua has experience replacing wastewater infrastructure
13 while also navigating strict Pennsylvania Department of Environmental Protection
14 (“DEP”) regulations to install chemical treatment systems and optimize the plant for copper
15 removal to benefit an impaired receiving stream as defined by Section 303(d) of the Clean
16 Water Act. The improvements to this watershed were recently recognized by the DEP
17 following stream assessments in 2022 and 2023 which identified material improvements
18 to the stream eco-systems downstream of its outfall. This experience will assist Aqua in
19 addressing the additional issues identified with respect to this system.

20

21

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1 **Q. How does Aqua maintain and enforce safety, compliance, and security programs**
2 **throughout its operations?**

3 A. Aqua requires a high level of employee training and monitors completion of training
4 requirements. Most safety programs are trained initially and reinforced through annual
5 refresher trainings. Aqua employs internal safety experts, internal compliance experts, and
6 routinely conducts internal audits of operations. Aqua also contracts with external experts
7 to perform random inspections and audits of employee and contractor operations. These
8 cover operations throughout the system, including maintenance and construction activities
9 in immediate contact with the community.

10

11 **Q. Can Aqua provide adequate wastewater treatment capacity to meet present and**
12 **future customer demands?**

13 A. Yes. Through the existing facilities, coupled with the planned upgrades to the WWTP,
14 which are discussed in the Direct Testimony of Mark Bubel, Sr. (Aqua Statement No. 2),
15 Aqua can provide adequate treatment capacity for present and future customers. Aqua will
16 continue to make improvements to the System, as may be required, to ensure any future
17 customer demands are met.

18

19 **Q. Please summarize why you believe Aqua is technically fit to own and operate the**
20 **System.**

21 A. My explanation of Aqua's current operations, the System's similarity to other systems
22 operated by Aqua, and operational support that will be provided by Aqua, an experienced

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1 wastewater utility, all support a finding that Aqua is technically fit to own and operate the
2 System, and that ownership of the System by Aqua is in the public interest. In addition to
3 this, I detail below the current areas for improvement needed in the System, as well as the
4 additional process improvements identified that will be remedied by Aqua, and capital
5 improvement needs of the System. Aqua’s planned improvements in this regard establish
6 substantial affirmative public benefits. Moreover, these capital and operational
7 improvements have not been addressed by Beaver Falls, nor is Beaver Falls in a position
8 to do so as explained by Mr. Jones (Aqua Statement No. 4-Supp.) in his Supplemental
9 Direct Testimony.

10
11 **III. SYSTEM ASSESSMENT & CURRENT OPERATION OF THE BEAVER FALLS**
12 **SYSTEM**

13 **A. GENERAL SYSTEM ASSESSMENT**

14 **Q. Since Aqua submitted its Direct Testimony, has it further analyzed the System and**
15 **its current operations?**

16 **A.** Yes, it has. Below, I will provide supplemental detail on Aqua's assessment of the system
17 generally and Aqua's identification of specific issues that evidence the System is currently
18 troubled. These issues include hazardous gas problems, safety and security problems, and
19 the lack of an asset management plan or computerized maintenance management system.
20 I also identify how Aqua would address these issues as the owner and operator of the
21 System, and how such ownership and operation will result in significant public benefits.

22

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1 **Q. Did you visit the facilities?**

2 A. Yes, multiple times. Specifically, the Company conducted initial due diligence and post-
3 agreement in-depth review to assess the operations, facilities, personnel, standard operating
4 procedures, compliance, safety, and security of the System.

5

6 **Q. How old is the original WWTP?**

7 A. The wastewater treatment plant was built in 1938. While some work has been done over
8 the years, the original WWTP is over 80 years old. The system is troubled, distressed and
9 in significant need of attention.

10

11 **Q. Based on your experience in visiting the plant, did you feel safe and would you feel
12 safe allowing Aqua employees to work at the WWTP under the current conditions?**

13 A. No. I did not feel safe and we would not allow Aqua employees to work at the WWTP
14 under the current conditions. I note that these observations were made over the course of
15 approximately ten visits during various seasons, and most recently in October 2023. I will
16 further expand on this, highlighting the issues I saw while visiting the WWTP.

17

18 **Q. Please describe your findings and areas that can be improved by Aqua's ownership
19 of the System.**

20 A. The System is currently under a Corrective Action Plan ("CAP") under the DEP. Under
21 the City's ownership, significant quantities of raw sewage and/or partially treated
22 wastewater have entered into the receiving Beaver River where fishing and recreation

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1 occurs. The river serves many purposes, including that it discharges into the Ohio River,
2 the largest volume tributary of the Mississippi River, only a few miles South of the outfall.
3 Downstream of the WWTP are several public water systems that serve an estimated 5
4 million people in the Ohio Valley.

5
6 **Q. Can you please further describe why you believe this system is troubled, distressed**
7 **and in need of attention?**

8 A. Based on my site visits, discussions with operations personnel, and observation of plant
9 activities, I note the following areas of concern for future safe, adequate, and reliable
10 wastewater utility service for the Beaver Falls System:

- 11 • Lack of Licensed Operators, Access to Training, and Redundancy of Operators;
- 12 • Limited or Lacking Process Control Testing;
- 13 • Laboratory Sample System Management;
- 14 • Permit Compliance Issues;
- 15 • Lack of Emergency Preparedness Planning;
- 16 • Lacking Safety & Security Equipment & Training;
- 17 • Hazardous Chemical Storage, Labeling, and Safety;
- 18 • Compliance with Federal EPA Risk Management Program regulations for
19 extremely hazardous chemicals;
- 20 • WWTP Ventilation Issues creating health and safety risk for employees;
- 21 • WWTP physical safety measures;
- 22 • WWTP Security deficiencies;

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- 1 • Inadequate SCADA and operator alarm systems;
- 2 • Use of homemade patchwork of physical assets;
- 3 • Insufficient emergency/standby power generation; and
- 4 • Non-use of Asset Management or Compliance Management Software Systems.

5

6 **Q. Can you explain the current staffing of the Beaver Falls WWTP, and any related**
7 **challenges experienced?**

8 A. Based on my experience, the team operating the WWTP lacks experience, training,
9 struggles to operate the System and are in danger based on the safety issues that I observed.

10 The System should be operated with a team consisting of 3 maintenance mechanics, 2
11 licensed operators, a WWTP manager, and an administrative employee. When the
12 Company visited the facility in October 2023 there were a total of four (4) employees. The
13 WWTP superintendent was on medical leave for the past several months and had recently
14 taken a disability retirement and was not expected to return. There was one experienced
15 maintenance foreman, however, the foreman is unfamiliar with wastewater treatment
16 process control, an unlicensed operator with less than one year experience, one mechanic
17 with less than two years' experience, and an administrative employee. The three
18 operator/maintenance staff cover the WWTP seven (7) days a week and are continuously
19 on-call. These employees cover for each other when one may not be available to respond.

20 City officials shared their difficulty securing labor to work at the WWTP. There
21 are no internal wastewater experts to assist at the City and any assistance would have to
22 come from consultants, which had not been planned for or implemented as of our visit.

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1 Assistance from consultants regarding operations is not budgeted for by the City. The loss
2 of the WWTP manager shows that there is no redundancy, succession or contingency plan
3 should such a vacancy occur. The Company compliments the skeleton staff on the work
4 they are doing with limited experienced labor and resources. However, this clearly
5 indicates that additional expertise is needed to ensure reliable and compliant operations for
6 the long term which is a benefit specific to Aqua’s acquisition of this system. The City has
7 been unable to obtain experienced workers to fill the open positions.

8
9 **Q. What wastewater treatment process control and treatment operations did you**
10 **observe at the WWTP?**

11 A. Process control and SOPs were significantly lacking. Many of the processes were well
12 beyond normal acceptable operating conditions, possibly leading to future violations. For
13 example, the primary clarifiers had floating trash in/on them, and the skimmers were not
14 operating at all. The primary clarifiers were black in color indicating septic conditions.
15 See Appendix A, Section 1.¹ This creates odor issues and more significantly prevents the
16 naturally occurring processes from happening in an efficient manner. While all the tanks
17 were on-line, flow coming out of the tanks was only at 50% of design capacity which
18 suggests something very wrong and a clear operational inefficiency. The extra on-line
19 tankage creates long hydraulic retention times coupled with lower than ideal sludge

¹ Portions of Appendix A to Statement No. 3-Supp contain confidential, non-public information and have been designated as such.

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1 wasting and black, odorous septic conditions. It also creates additional costs because the
2 WWTP is powering more equipment than necessary.

3

4 **Q. Please expand on further concerns of process control and treatment operations.**

5 A. Also of significant concern is that there were no air blowers online to supply aeration and/or
6 mixing to any process tanks. These tanks can contain hydrogen sulfide and other gases
7 that displace oxygen that are very hazardous. Proper aeration and mixing is vital for safety
8 reasons. The trickling filter facility at a wastewater treatment plant consistently moves
9 wastewater and pushes it to the bottom of the facility. Upon review the trickling filter
10 facility had excessive biomass growth reducing its effectiveness. See Appendix A, Section
11 2.

12

13 **Q. Please further expand upon your concerns when visiting the WWTP.**

14 A. There are floating solids atop the secondary clarification tanks. This accumulation was also
15 on the surface of the chlorine contact tank where disinfection of the process stream should
16 have been occurring. See Appendix A, Section 3. This is not where floating solids should
17 appear. All tanks were extremely turbid (dense, murky) and it was difficult to see more
18 than a couple inches into the water column. This is not a good sign for a tank, especially
19 near final treatment. Most protrusions from the tanks, channels, launderers, and flumes
20 were coated with excessive solids accumulation. Again, not a good sign. Sludge wasting,
21 which is an important tool in the normal operational process, seemed to be limited to
22 periodic and nonspecific volume instances. All of this is an indication of the need to have

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1 a fully staffed system along with a knowledgeable and engaged lead operator, supervision,
2 and qualified backups to the same.

3

4 **Q. How would Aqua address the staffing challenges and the concerns regarding the**
5 **condition of the System identified above?**

6 A. Aqua maintains a staff of compliance and operations experts that will implement changes
7 upon closing of the transaction to ensure SOPs are in place and followed. We also have
8 robust preventative and corrective maintenance programs with asset and process based
9 minimum standards of service that will be discussed in detail later in this testimony for
10 mechanical and maintenance personnel to adopt. We incentivize operators to secure DEP
11 operating licenses, and support that with continuing education assistance. In addition, our
12 corporate resources and local operations management are skilled at operating wastewater
13 facilities. Also, Aqua has been successful in attracting talent across Pennsylvania for all
14 our systems. We have robust onboarding and training programs for supervisors and
15 operators that encompass all facets of operations from safety to process control. Since
16 Aqua filed its initial application, the City has had vacancies at the WWTP that have not
17 been filled as of the date of this Supplemental Direct Testimony.

18

19 **Q. What else would Aqua do to correct the troubled and distressed nature of the Beaver**
20 **Falls system?**

21 A. The Beaver Falls system would receive an intensive review by our engineers, process
22 control specialists, and infusion of experienced operators and leadership to establish the

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1 operating protocols and bring the plant back to normal operating conditions quickly. This
2 should occur within 30 days of the start of operations. Process control testing criteria,
3 including adequate laboratory equipment will be provided on-site and operators trained to
4 perform tests and interpret the results, from which process control adjustments can be made
5 with confidence. The Aqua-owned state certified laboratory in Bryn Mawr will support this
6 facility from the start with certified analytical results and a quick turnaround time.
7 Continued observation of the process by both on site personnel and broader Aqua resources
8 would be a constant through operations, allowing independent evaluation of the process to
9 ensure nothing is being missed.

10 Maintenance activities would immediately improve under our defined asset
11 management program with proactive work orders issued for the plant, equipment, and
12 collections system. Maintenance staff would be supported by outside services and vendors
13 to ensure the specialty elements of maintenance program undertaken correctly. Aqua's
14 workforce development program from recruitment through continued education, supported
15 by management and technology, is a significant benefit to Beaver Falls ensuring plant
16 reliability, environmental compliance, protection of receiving waterways, and elimination
17 of the odors for the plant experienced by the public.

18
19 **Q. Please expand upon why treatment and process controls are so important for the**
20 **community in Beaver Falls and the surrounding communities downstream.**

21 A. Adequate treatment and timely process control decisions are necessary to ensure
22 adequately treated wastewater safely reaches the discharge of the WWTP, which ultimately

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1 reaches the Beaver River where recreation occurs. The river serves many purposes,
2 including that it discharges into the Ohio River, the largest volume tributary of the
3 Mississippi River, only a few miles South of the outfall. Downstream of the WWTP are
4 several public water systems that serve an estimated 5 million people in the Ohio Valley.
5 The Company has proven its expertise in optimizing treatment in wastewater systems like
6 the Beaver Falls system to protect drinking water sources from diseases such as hepatitis
7 A and cholera, scum discharge, and the Company excels at maintaining optimum oxygen
8 levels and minimized regulated compounds in treated water outfalls which helps protect
9 the environment and our watersheds. The Beaver and Ohio Rivers are home to 159 species
10 of fish alone. Effluent water quality from this system is paramount. While the WWTP is
11 currently compliant with DEP requirements, Aqua has significant concerns that proper
12 process controls and treatment are not in place which can further degrade the WWTP and
13 lead to future violations.

14
15 **Q. Does the Beaver Falls staff perform adequate process control testing?**

16 A. No. The City only performs the bare minimum for sampling and analysis for the WWTP.
17 Aqua will require the additional routine process control testing analysis above the
18 regulatory requirements of the DEP to the discharge permit parameters to include
19 alkalinity, suspended solids, biological oxygen demand (“BOD”), settleable solids, pH,
20 nutrients like ammonia and phosphorus, and dissolved oxygen analysis of the trickling
21 filter effluent. Aqua will also monitor (i) total suspended solids, dissolved oxygen, and
22 sludge age in the process; (ii) total suspended solids in the mixed liquor, and (iii)

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1 microscope analysis of the process bacteria. Aqua will increase the frequency of analysis
2 in the effluent to include chlorine, ammonia, and phosphorus.

3 The addition and/or increased frequencies of the testing of the above parameters
4 will facilitate optimization of the facility and processes, which will allow operators to make
5 educated decisions and meet the permit effluent requirements. These process
6 enhancements will also drive towards the optimization and cost control of the WWTP,
7 which will directly benefit the environment and the community meeting the principal
8 objectives of the Clean Water Act – fishable, swimmable, and drinkable waterways.

9
10 **Q. Does the City employ a laboratory information management system (“LIMS”) to**
11 **track analytical results and compliance with critical standards in its laboratory**
12 **space?**

13 A. No, it does not. Physical bench sheets are used with common spreadsheet applications
14 (e.g., excel) for reporting of testing results. These bench sheets are not capable of being
15 audited and lack critical access controls and compliance adherence. This means that any
16 changes to the data are not automatically logged to a unique user, and justification may not
17 be required to submit a change in testing results.

18
19 **Q. Please explain how Aqua will address this issue of data tracking and confidence.**

20 Aqua will implement its LIMS program to ensure that analytical data follows processes
21 and procedures, including quality assurance and quality control standards. Data that is
22 entered into LIMS includes the regulatory and process control data which includes sample

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1 results and plant process key performance indicators. The data will be tracked and is fully
2 auditable as each employee will have individual credentials so that any entries are tied to
3 that specific user with process checks in place so that any changes to results must be
4 authorized and notes provided to explain the change. Internal and external laboratory
5 analysis will be cataloged in the LIMS system.

6

7 **B. HAZARDOUS GAS**

8 **[BEGIN HIGHLY CONFIDENTIAL]**

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13 [END HIGHLY CONFIDENTIAL]

14

15 **Q. Are there other examples of general safety issues in the System?**

16 A. Yes. Throughout the Beaver Falls facility there are multiple safety deficiencies of low to
17 moderate risk. By way of example, most pumping systems are missing guards on the
18 rotating equipment creating unsafe conditions that could cause workers to be pulled into
19 the rotating equipment or hands crushed. There are missing railings or railing components
20 like toe or kick plates to prevent a slip/trip and fall from becoming an immersion into the
21 process tanks. There are numerous locations where employees use temporary ladders to
22 access equipment that circumvent fall protection.

23 Chemicals were not stored properly at the WWTP. There are no containment
24 devices for the chemical drums. Drums in service were propped up on blocks to permit
25 emptying, but this leaves the heavy drums unstable and teetering in common areas of the

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1 WWTP near floor drains. There is a general lack of labeling throughout the facility and no
2 evidence of the exit signage nor emergency lighting. Multiple fire extinguisher hooks were
3 empty.

4 There are several roofed structures that are accessible by stairway that do not have
5 any fall protection devices, railings, lighting, or signage to ensure occupant awareness.
6 There are also confined spaces without any signage and no evidence of a program, nor
7 regulatory compliance for the documentation of training and entry. See Appendix A,
8 Section 6.

9

10 **Q. How will Aqua address these general safety issues?**

11 A. These issues will be cataloged and will become a part of Aqua’s already robust capital and
12 operational plan to be addressed within Year 1 of Aqua ownership. Our safety teams and
13 operational management will make these items a priority in Year 1 by educating our new
14 employees in the safety requirements of Aqua, investing to correct deficiencies, and
15 provide on-going safety housekeeping, near miss reporting, and safety audits on a regular
16 basis. Safety of our employees, most who are members of the community, is priority so
17 they return safely home. The public benefits of this cannot be measured.

18

19 **Q. Is there a system in place at Beaver Falls to document near-misses?**

20 A. No. Aqua, however, implements a Near Miss program (a.k.a. “Safety Learning
21 Opportunities”) where all employees are encouraged to look for and report potential and
22 real unsafe conditions so they can be addressed in a timely manner. This program is key

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14 [END HIGHLY CONFIDENTIAL]

15

16 **Q. Does the facility have emergency/standby power generation on site?**

17 **A.** Yes, however, it is not clear what equipment in the WWTP is supplied with emergency

18 power from backup generators. Only critical pumping systems are supported by the back-

19 up generator and even those systems are not completely supported. There is limited

20 operation of secondary treatment and pumping operations. There is no emergency power

21 supplied to the aeration processes meaning these systems will not operate during a power

22 failure and it is unclear as to the capabilities of that emergency power for supplying the

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1 chemical feed systems and limited process monitoring equipment. These shortfalls mean
2 that while wastewater will continue to enter the WWTP, it will not be fully treated and
3 enter the receiving stream. This will be fully assessed as part of Aqua’s ongoing capital
4 improvement processes and addressed through capital projects identified.

5
6 **D. ASSET MANAGEMENT**

7 **Q. Does Beaver Falls have an asset management plan or computerized maintenance**
8 **management system (“CMMS”) in place and what is Aqua’s plan for post-Closing**
9 **asset management?**

10 A. The team at Beaver Falls maintains a basic calendar and spreadsheet to track preventative
11 maintenance needs. Some written records are maintained to track assets over time. Aqua
12 will implement several layered approaches to asset management through financial
13 modules. Aqua will also implement a CMMS system to schedule and automate
14 preventative maintenance schedules for the employees. This system will also capture
15 reactive and corrective maintenance tasks for all aspects of the System. Aqua will work
16 with the Beaver Falls team to fully document existing SOPs and to employ Aqua SOPs
17 where none exist through these work order systems to record tacit knowledge and improve
18 succession planning and operational consistency.

19
20 **Q. Are there specific examples of assets and processes that are not operating correctly**
21 **due to lack of maintenance or expertise? If so, does Aqua have a plan to remedy the**
22 **situation?**

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13 **[END CONFIDENTIAL]**

14

15 **Q. Does Beaver Falls utilize any compliance assurance software?**

16 A. No. To address this, Aqua will implement its current compliance assurance software. This
17 software system generates compliance-focused work orders for regulated wastewater
18 system processes and functions. Employees will be assigned a combination of daily,
19 weekly, monthly, quarterly, annual, and less frequent work orders to ensure that critical
20 compliance requirements are completed on time and in a manner that is well documented.
21 The system will generate monthly, quarterly, and annual regulatory reports for consistency

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1 of calculations and to Aqua’s standards. These systems will support the staff of Beaver
2 Falls in the rapid adaptation to the operational excellence for which Aqua is known.

3

4 **IV. CONCLUSION**

5 **Q. Does this conclude your Supplemental Direct Testimony?**

6 A. Yes, it does. However, I reserve the right to supplement my Supplemental Direct
7 Testimony as additional issues and facts arise during the course of this proceeding.

APPENDIX A
(Public Version)

City of Beaver Falls WWTP

SECTION 1

March 3, 2021 – Primary Clarifier



September 19, 2023 – Primary Clarifier



SECTION 2

March 3, 2021 – West Trickling Filter



September 19, 2023 – West Trickling Filter



SECTION 3

March 3, 2021 – Chlorine Contact Tank



September 19, 2023 – Chlorine Contact Tank



September 19, 2023 – Chlorine Contact Tank



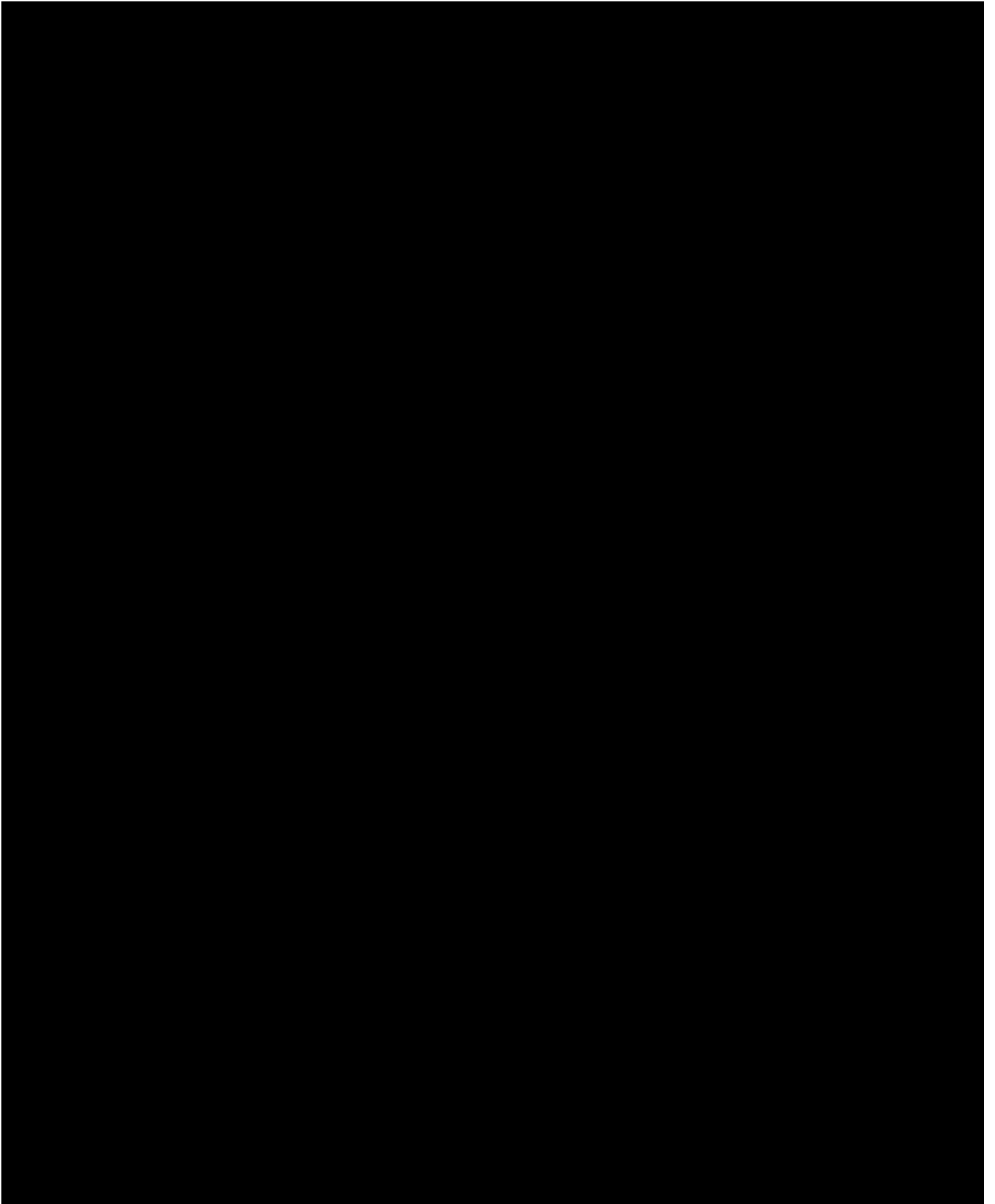
September 19, 2023 – Chlorine Contact Tank

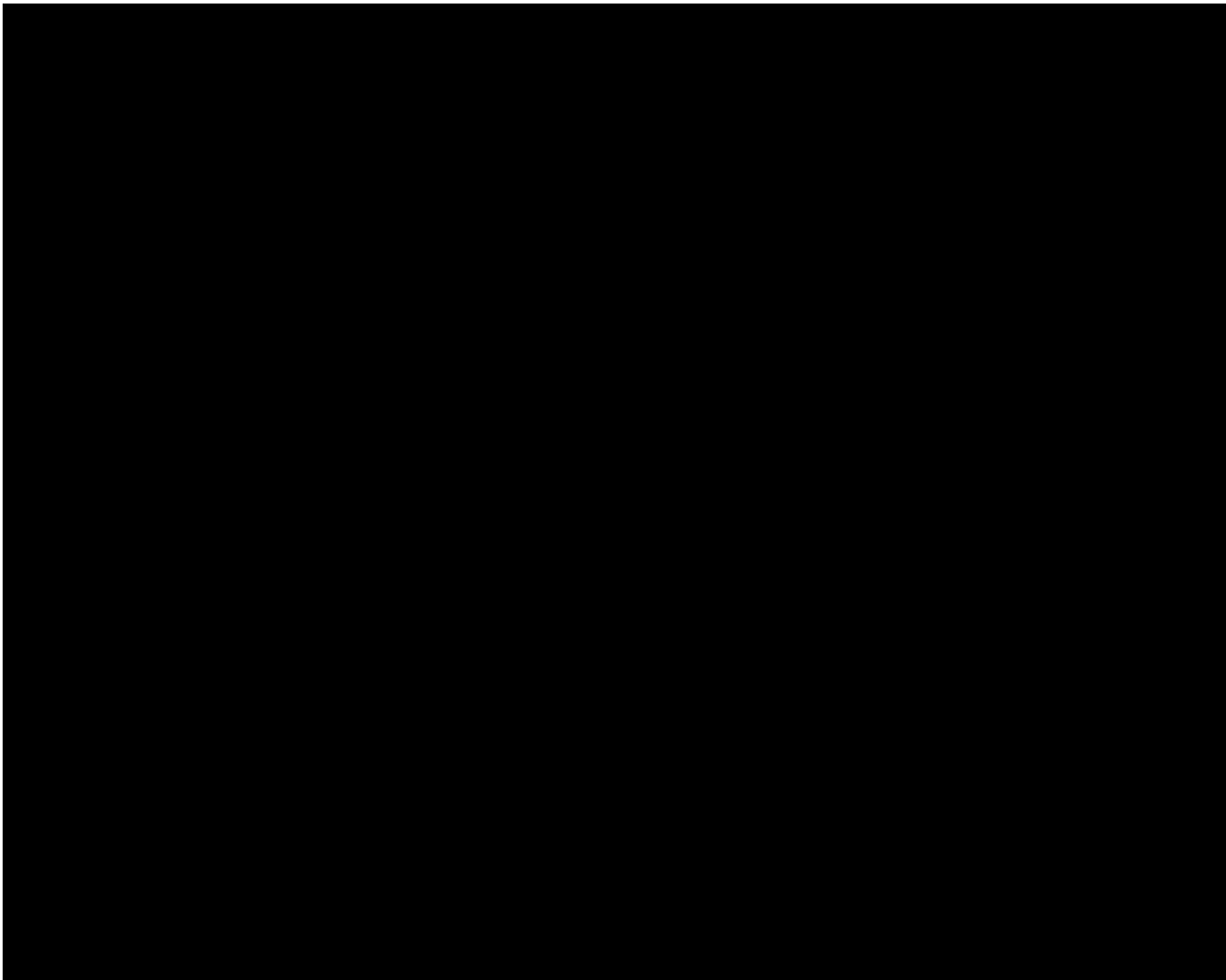


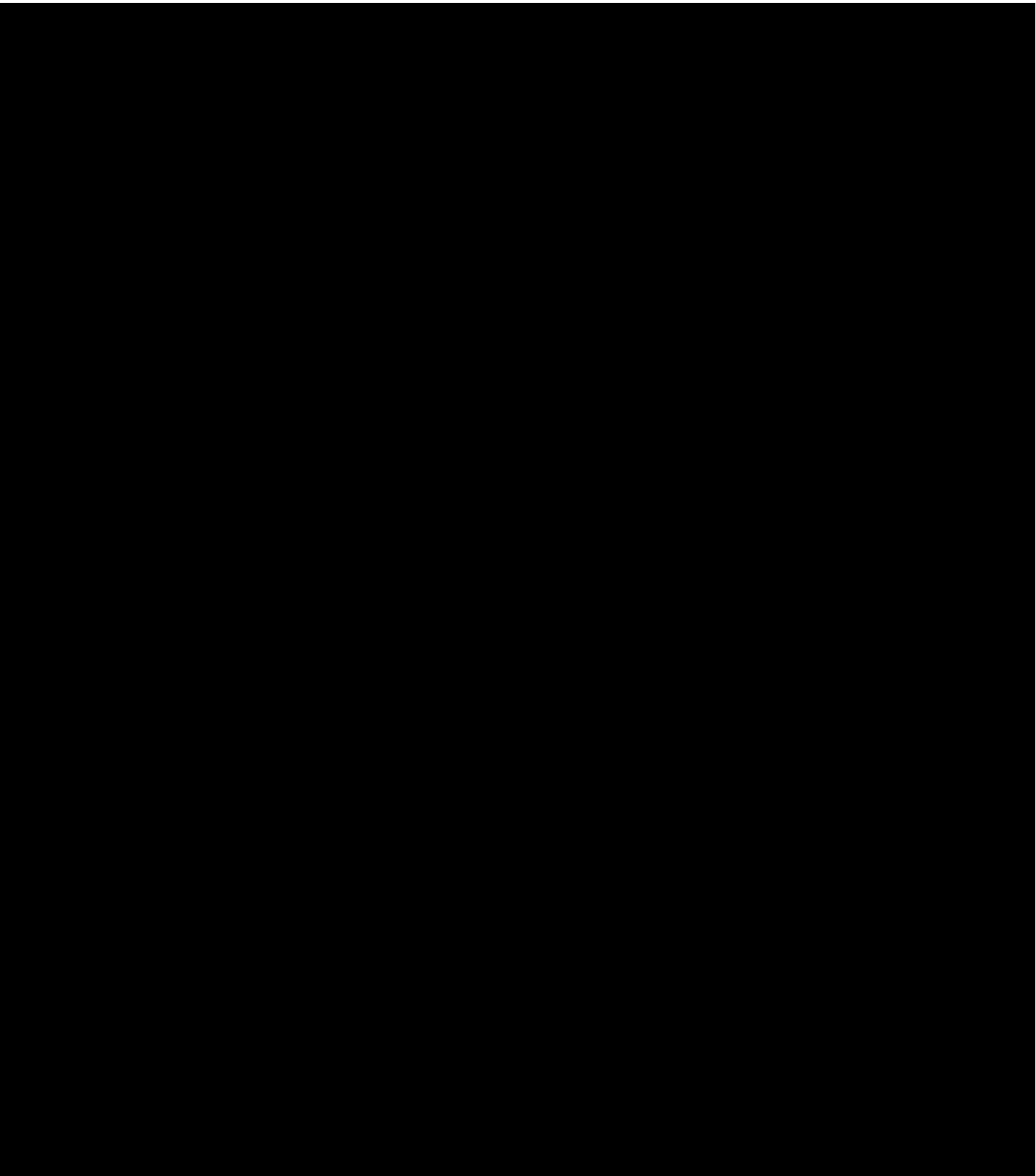
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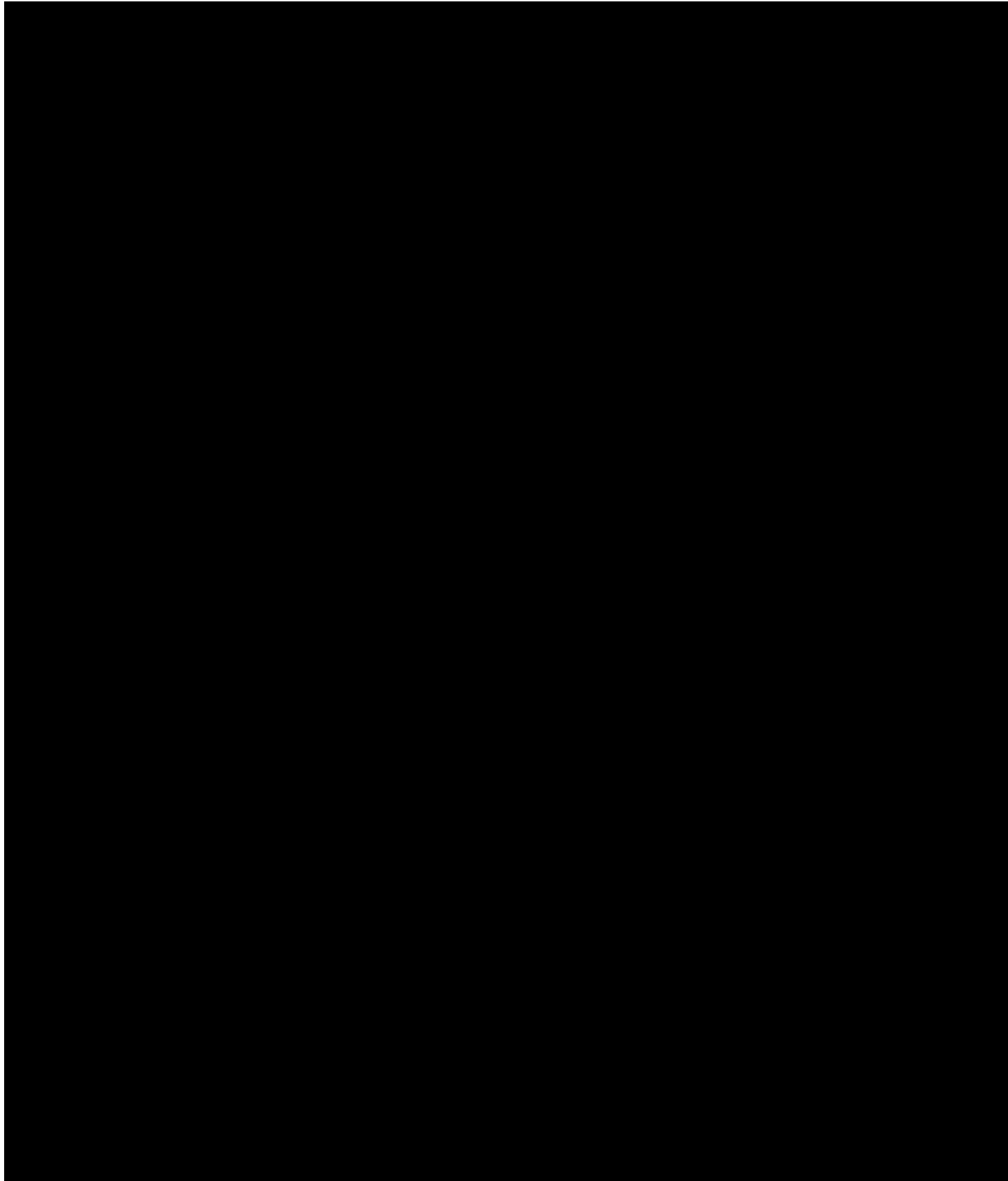
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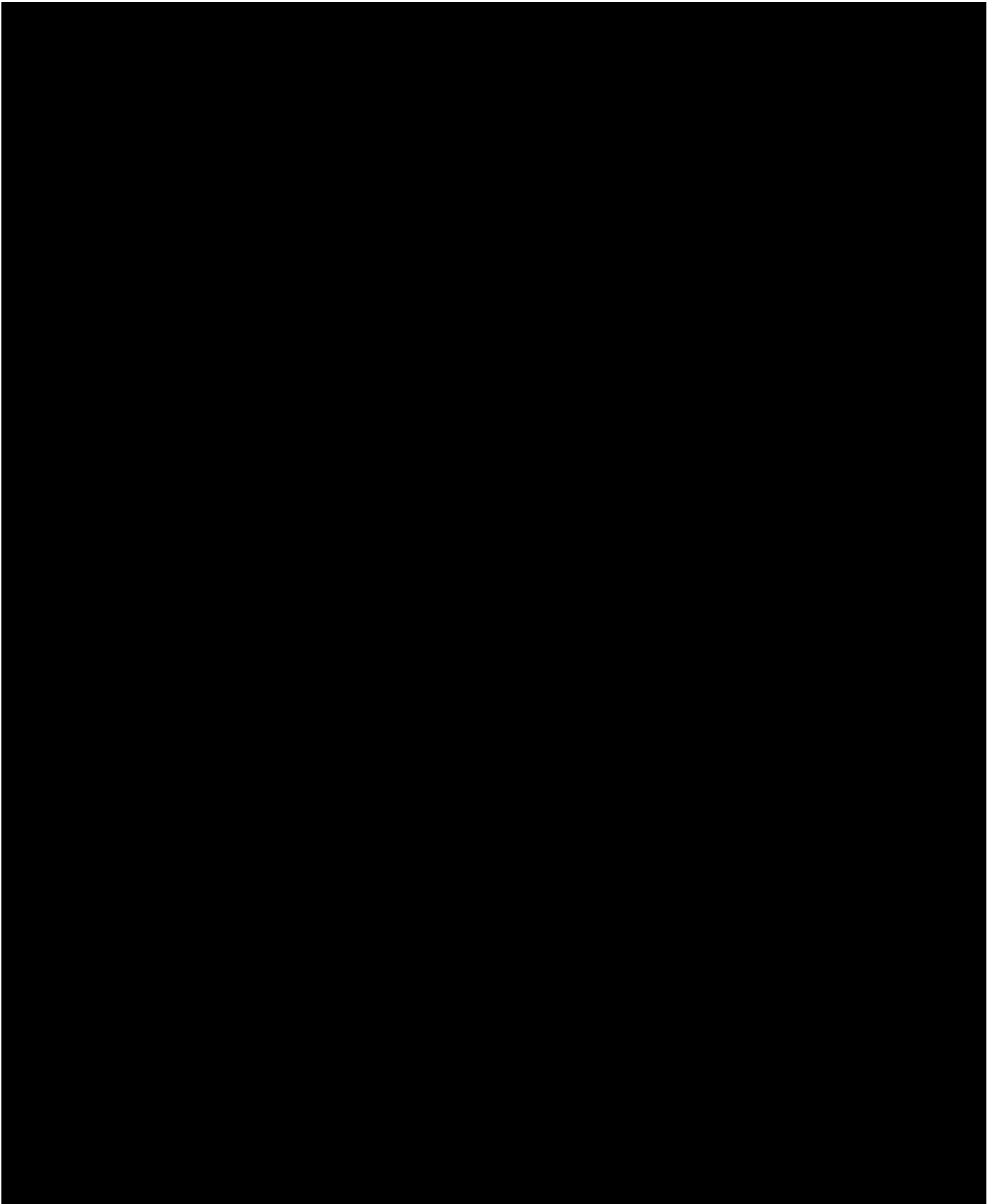


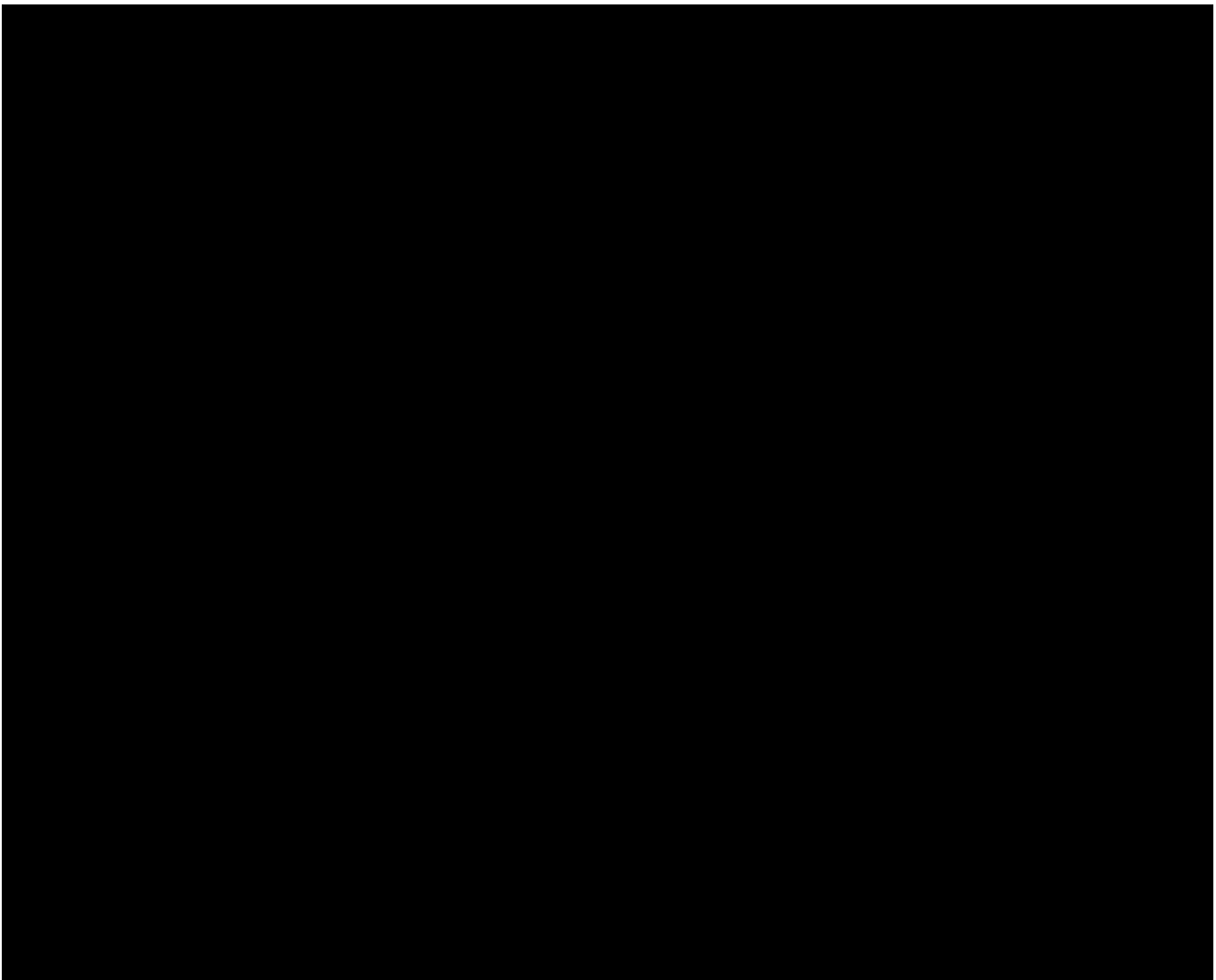










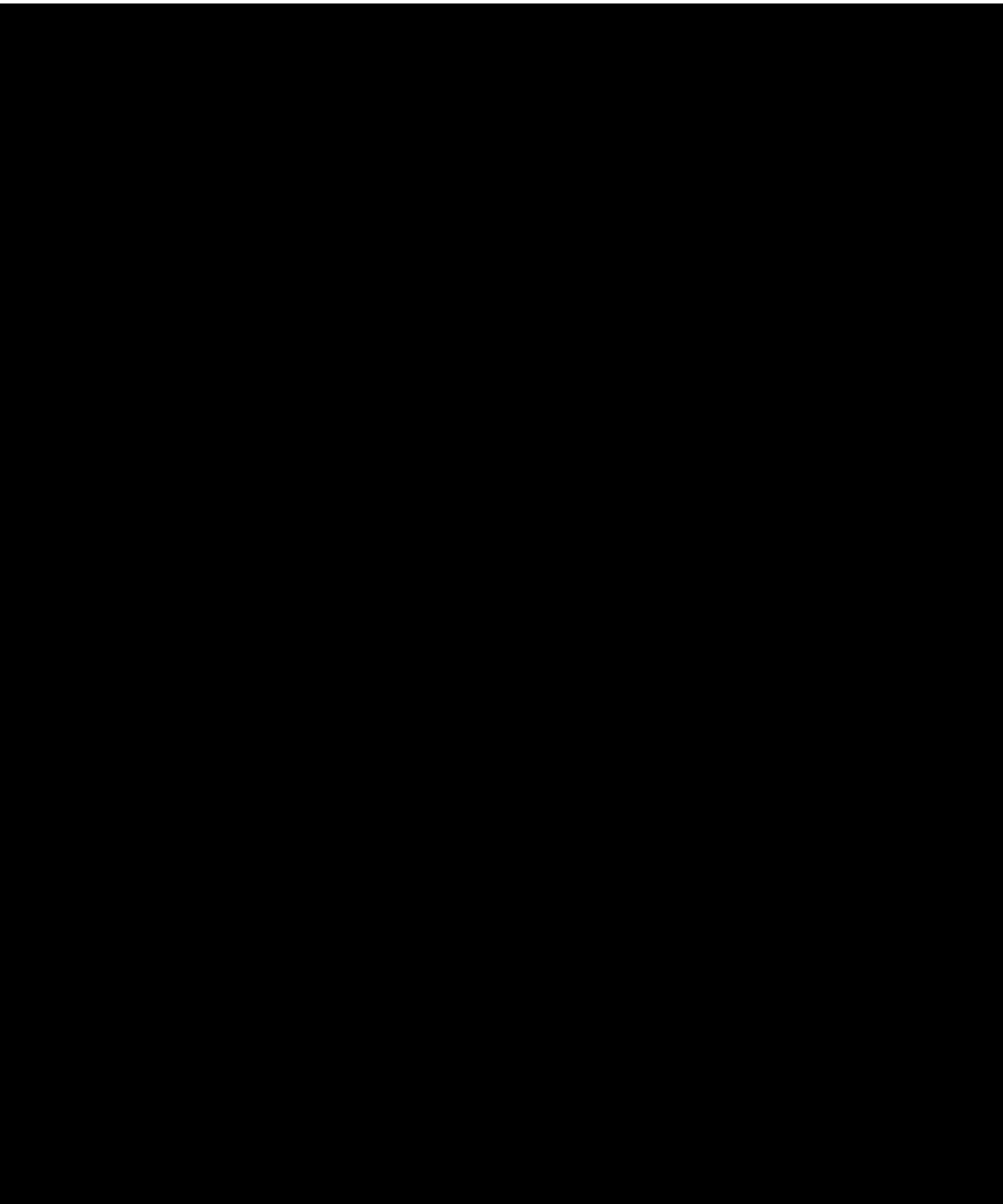


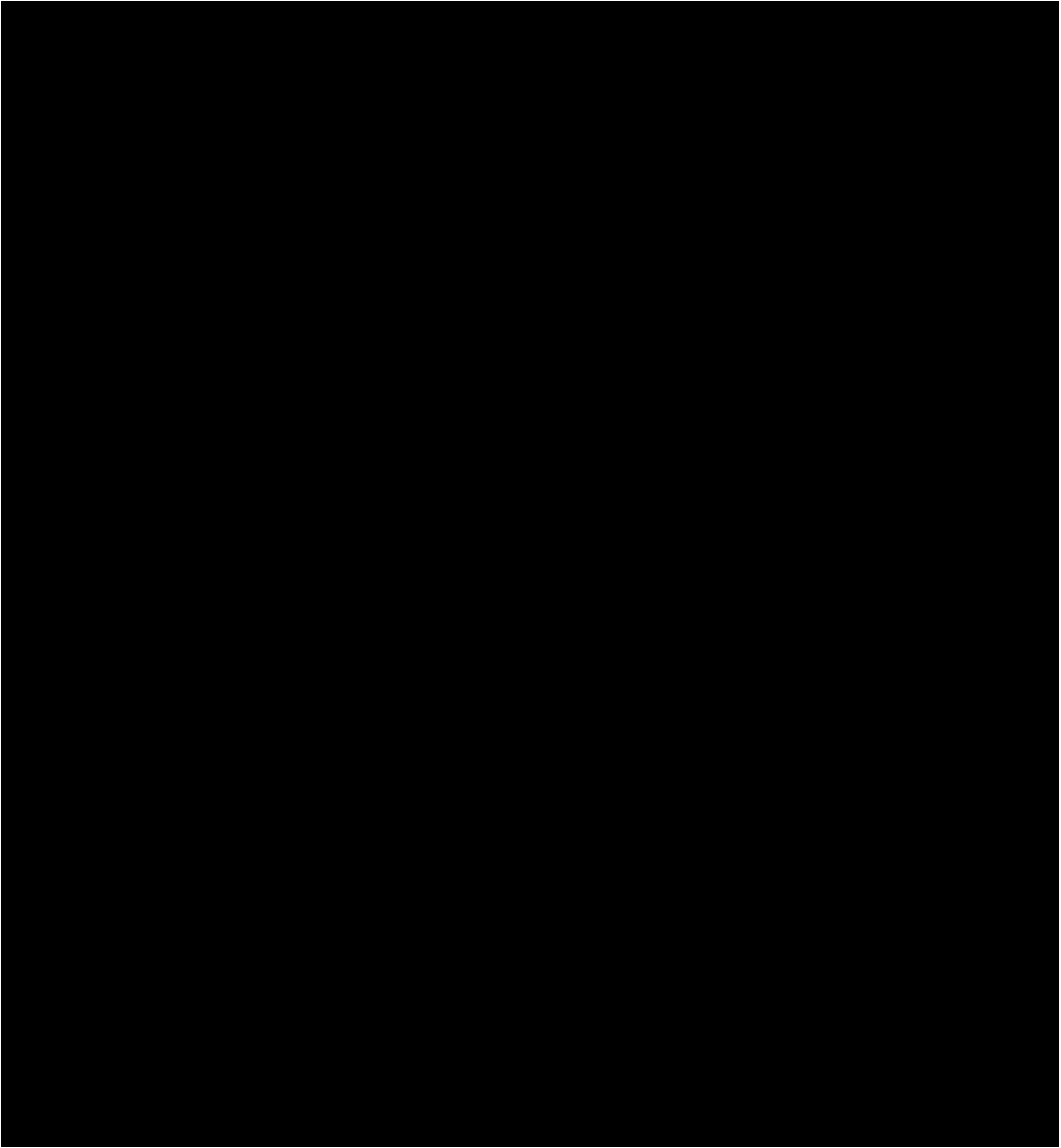
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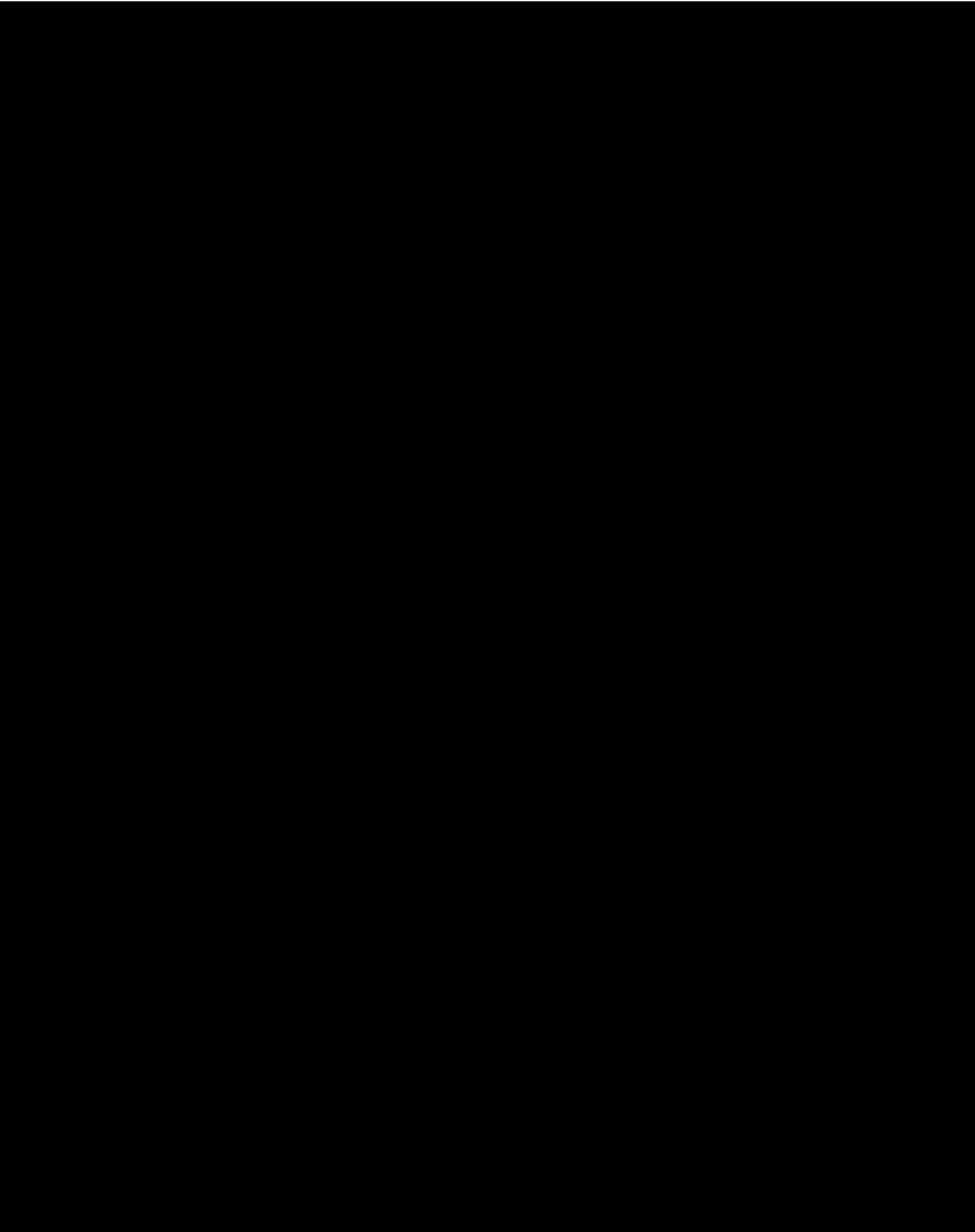
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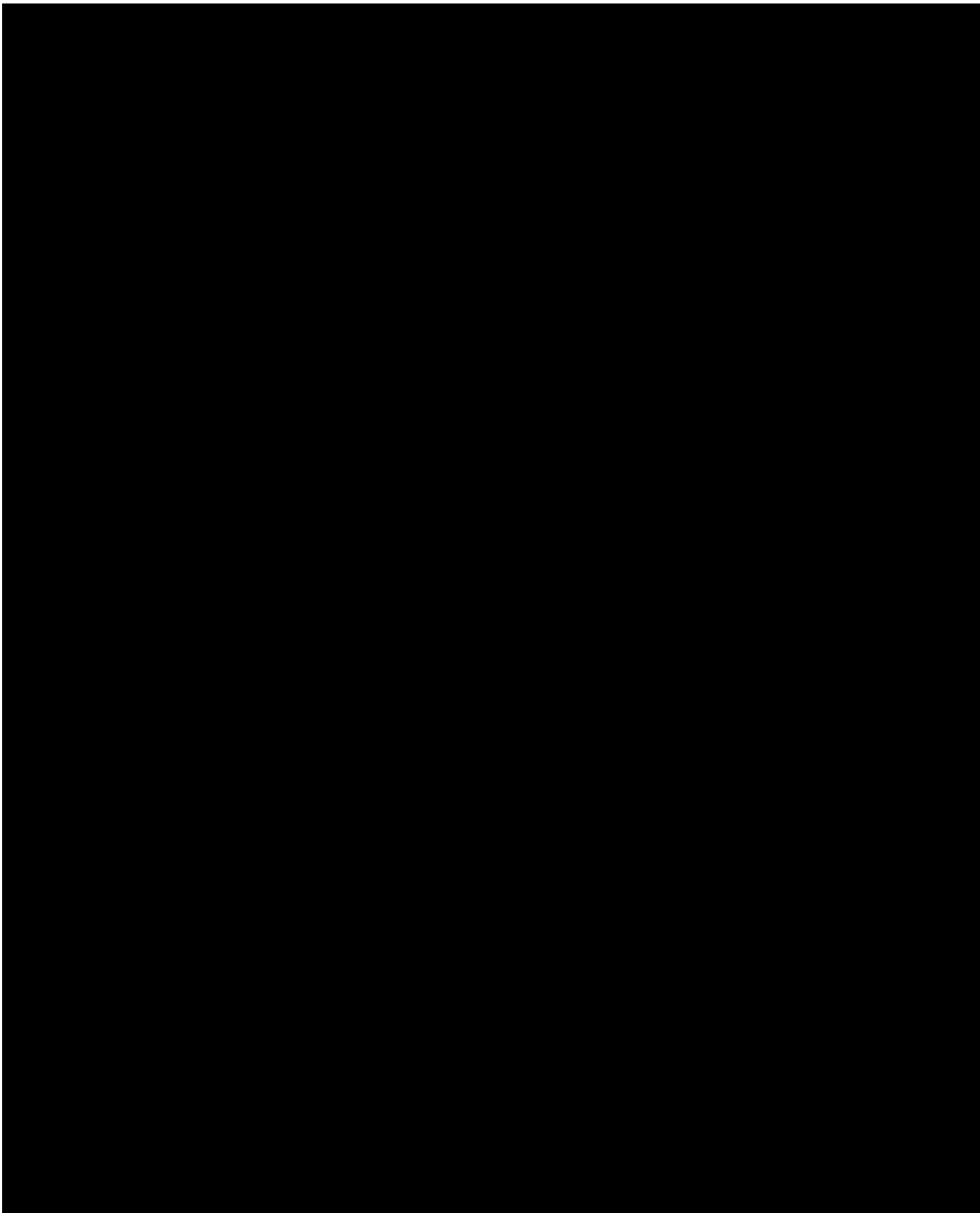
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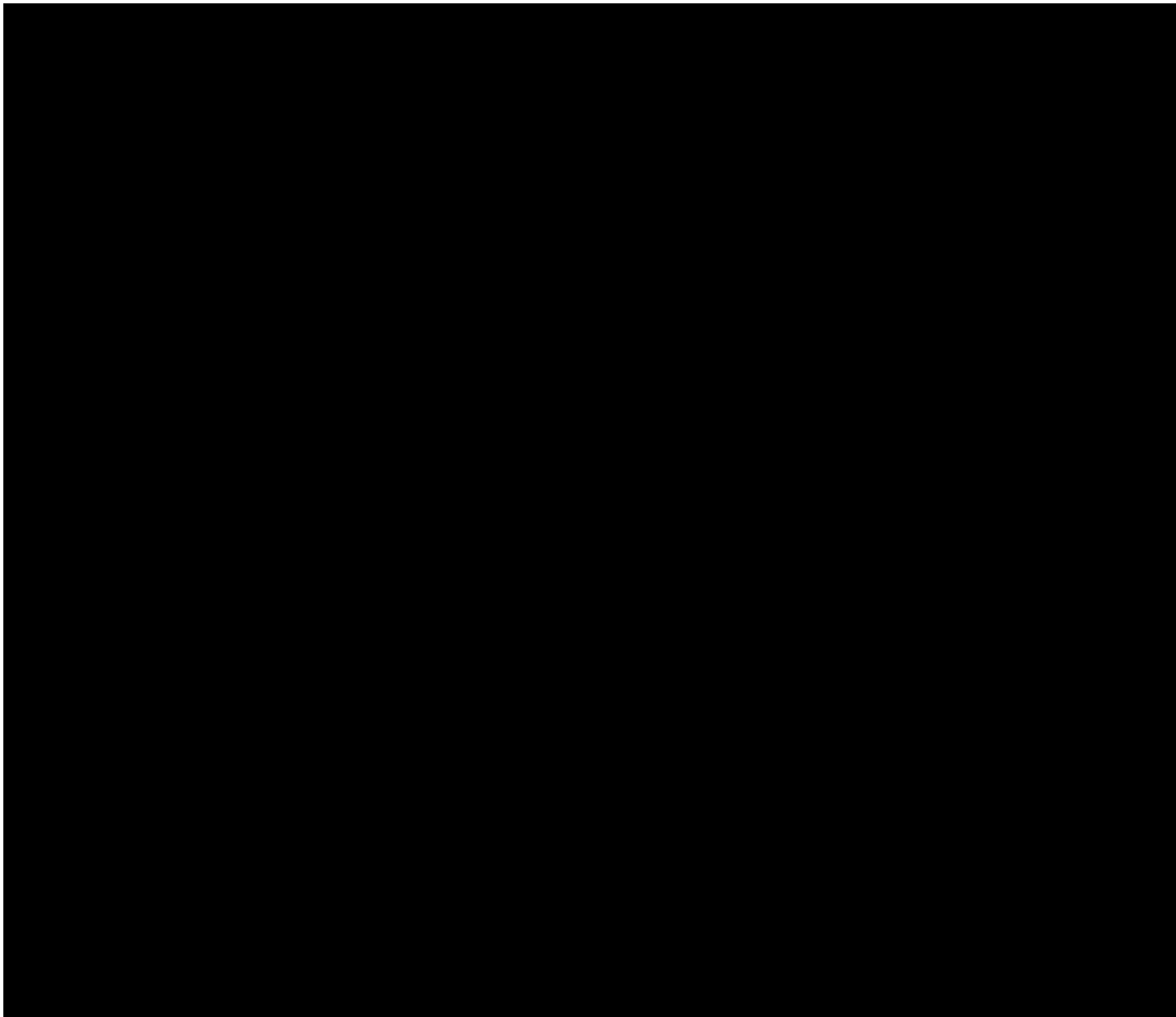










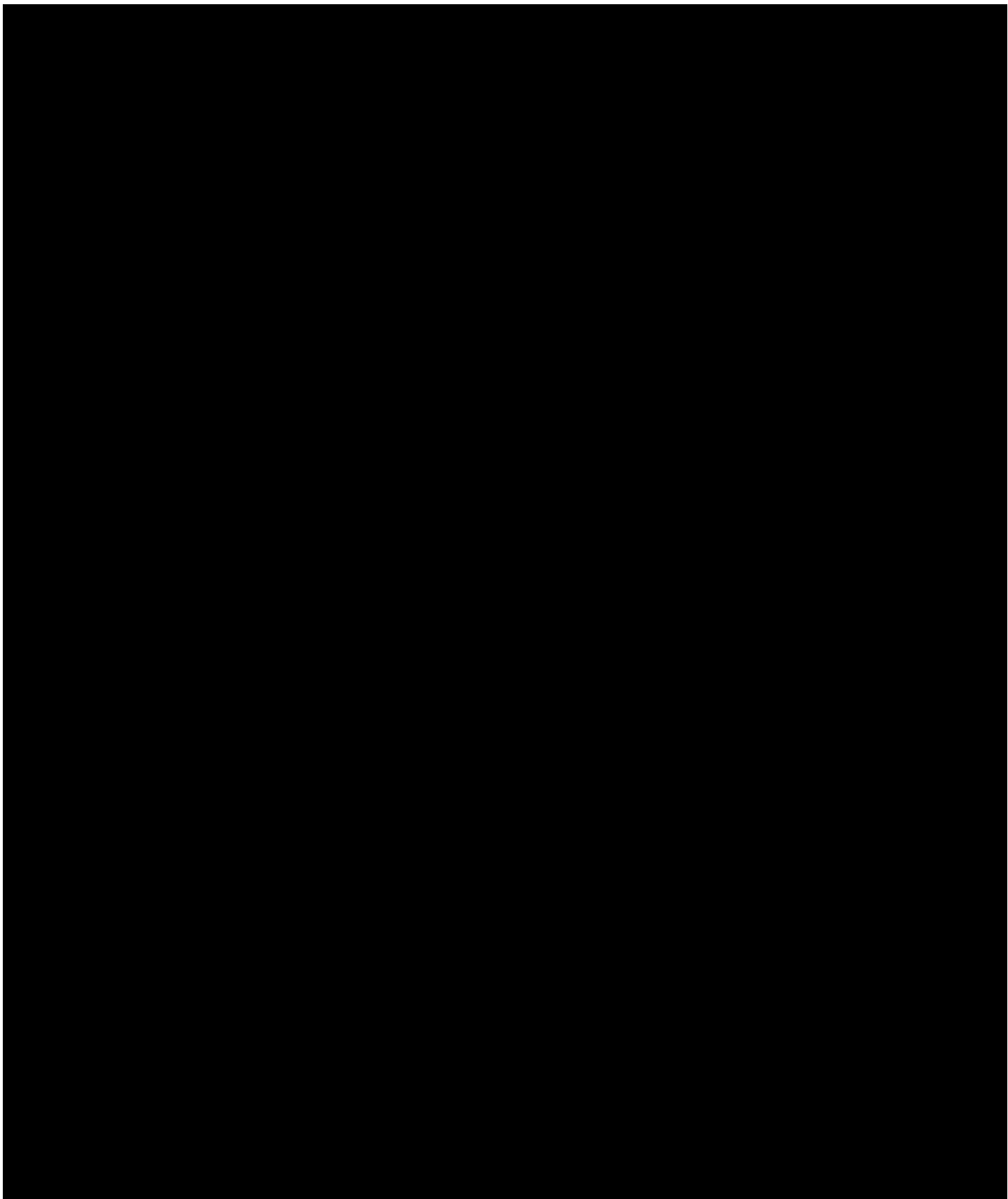


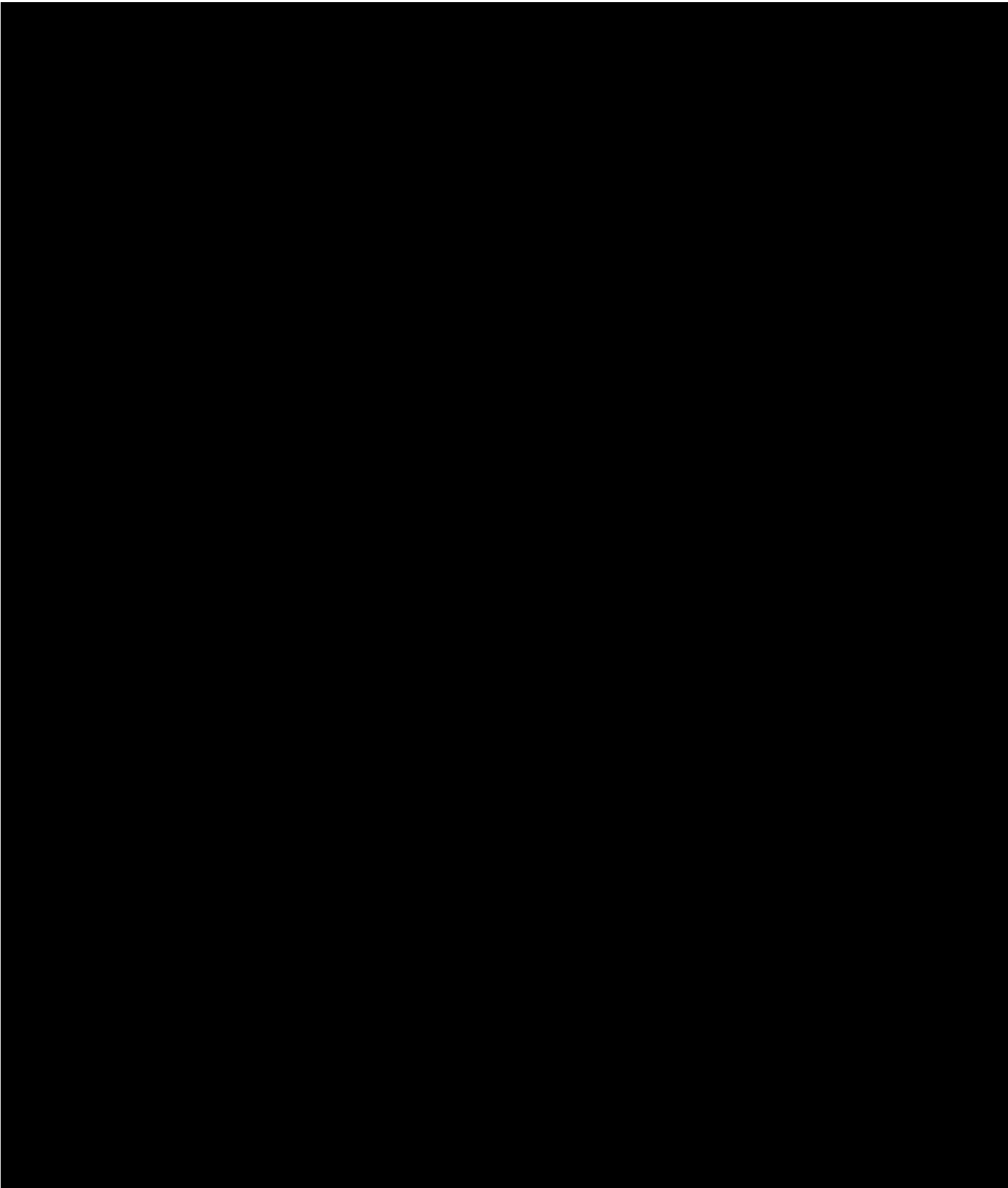
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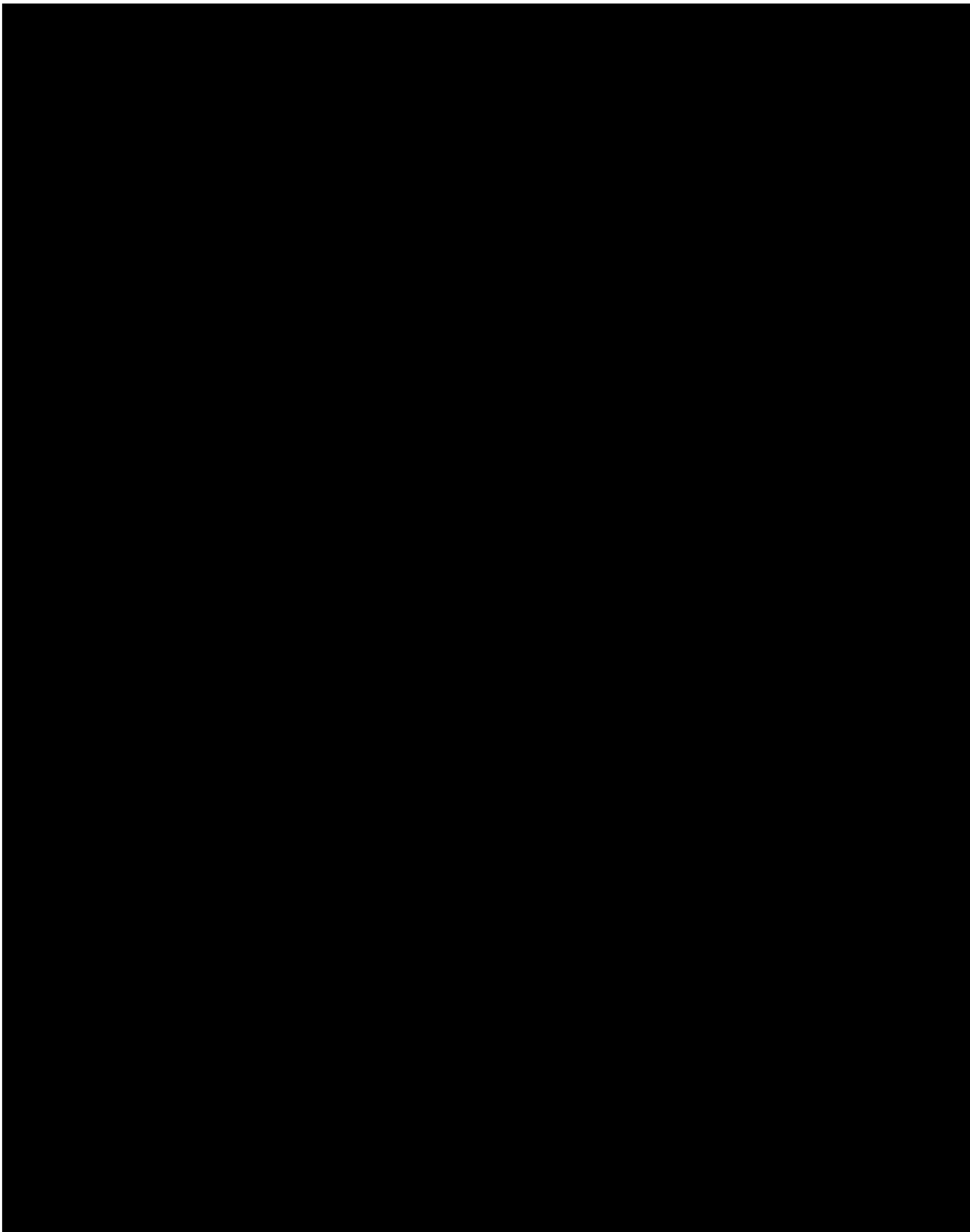
SECTION 6

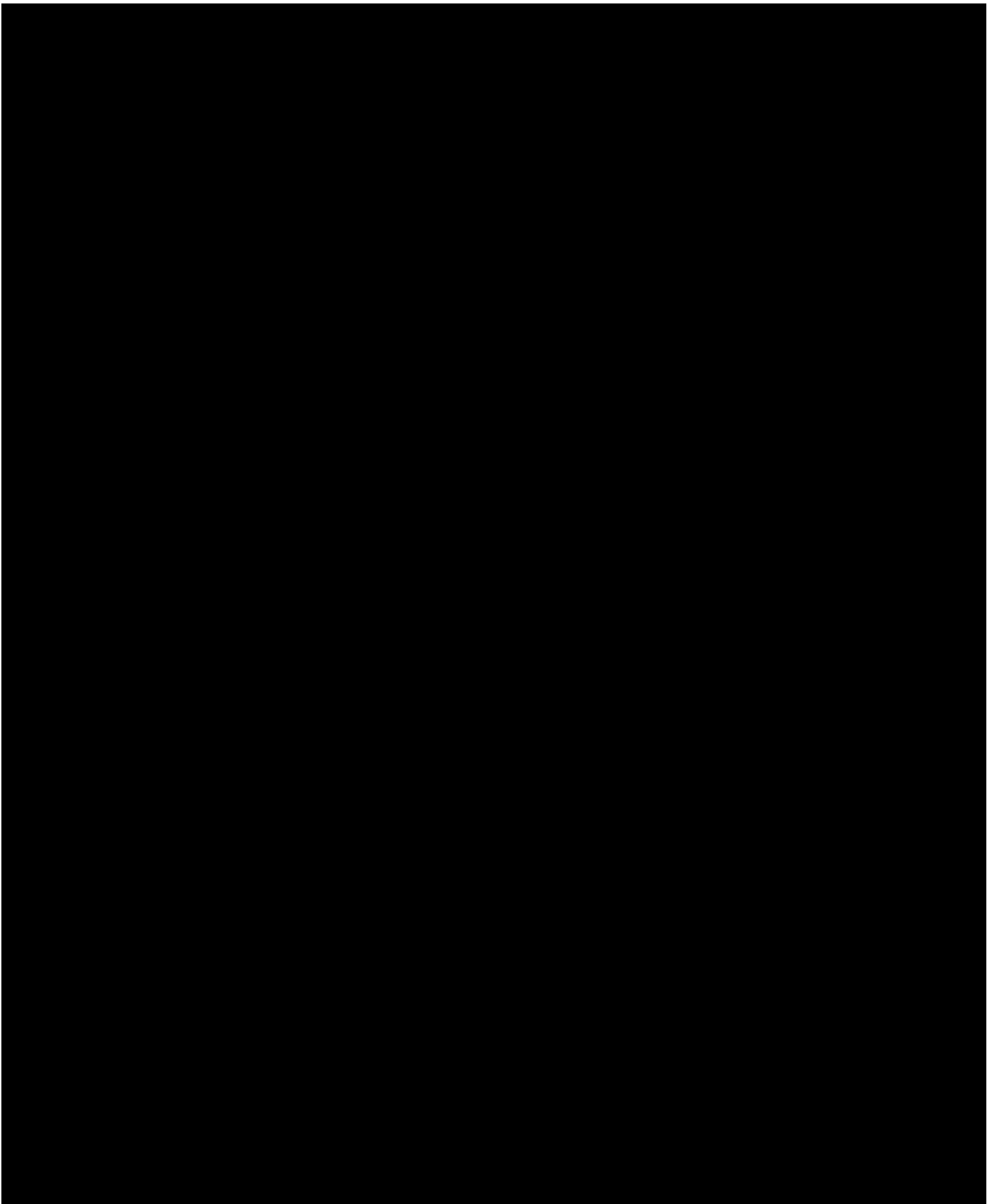
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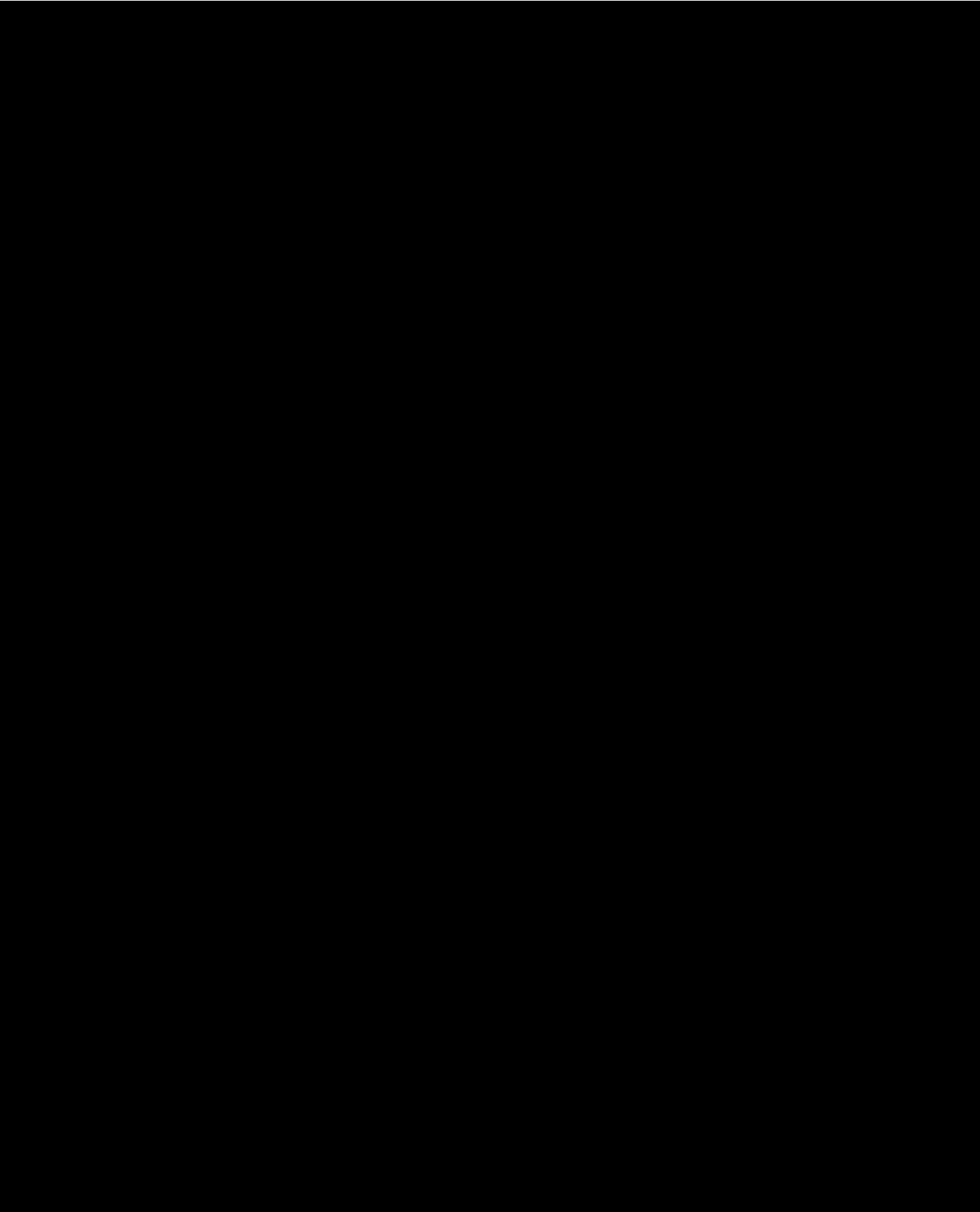














[END CONFIDENTIAL]

March 3, 2021 – Grease Skimmer



Grease skimmer from North side on concrete floor.



Grease skimmer from platform.

Grease skimmer comments:

- No railing to prevent employee from falling into the process vessel.
 - Step added to platform to reduce the height of the side wall making a fall into the vessel easier
- No E-Stop within reach of exposed moving equipment
 - Exposed chain drive
 - Exposed auger
 - Multiple pinch points unguarded

March 3, 2021 – Belt Filter Press



Belt filter press from North side of room.



Belt filter press from North side close.



Belt filter press from West side of room.



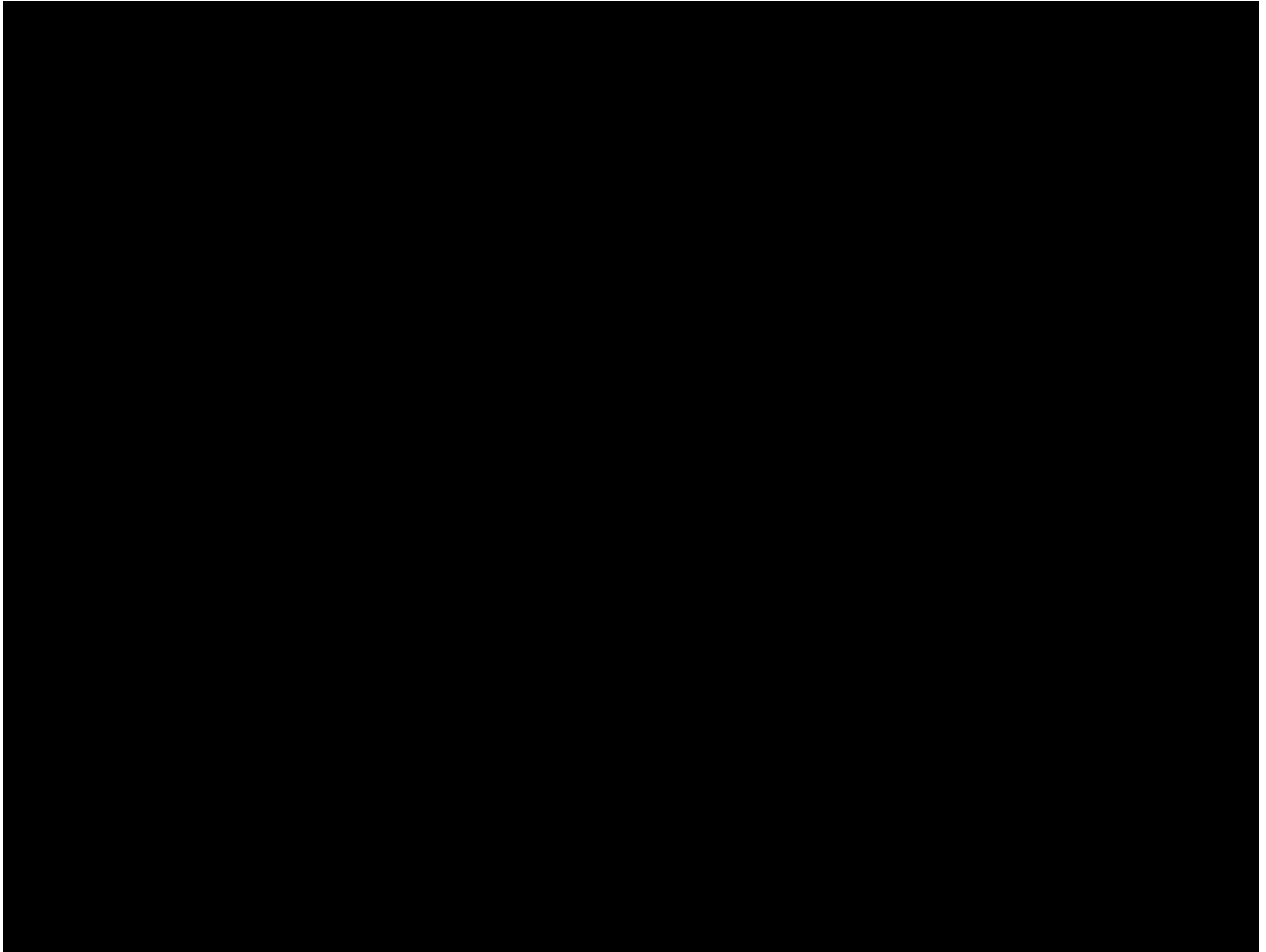
Belt filter press room West wall.

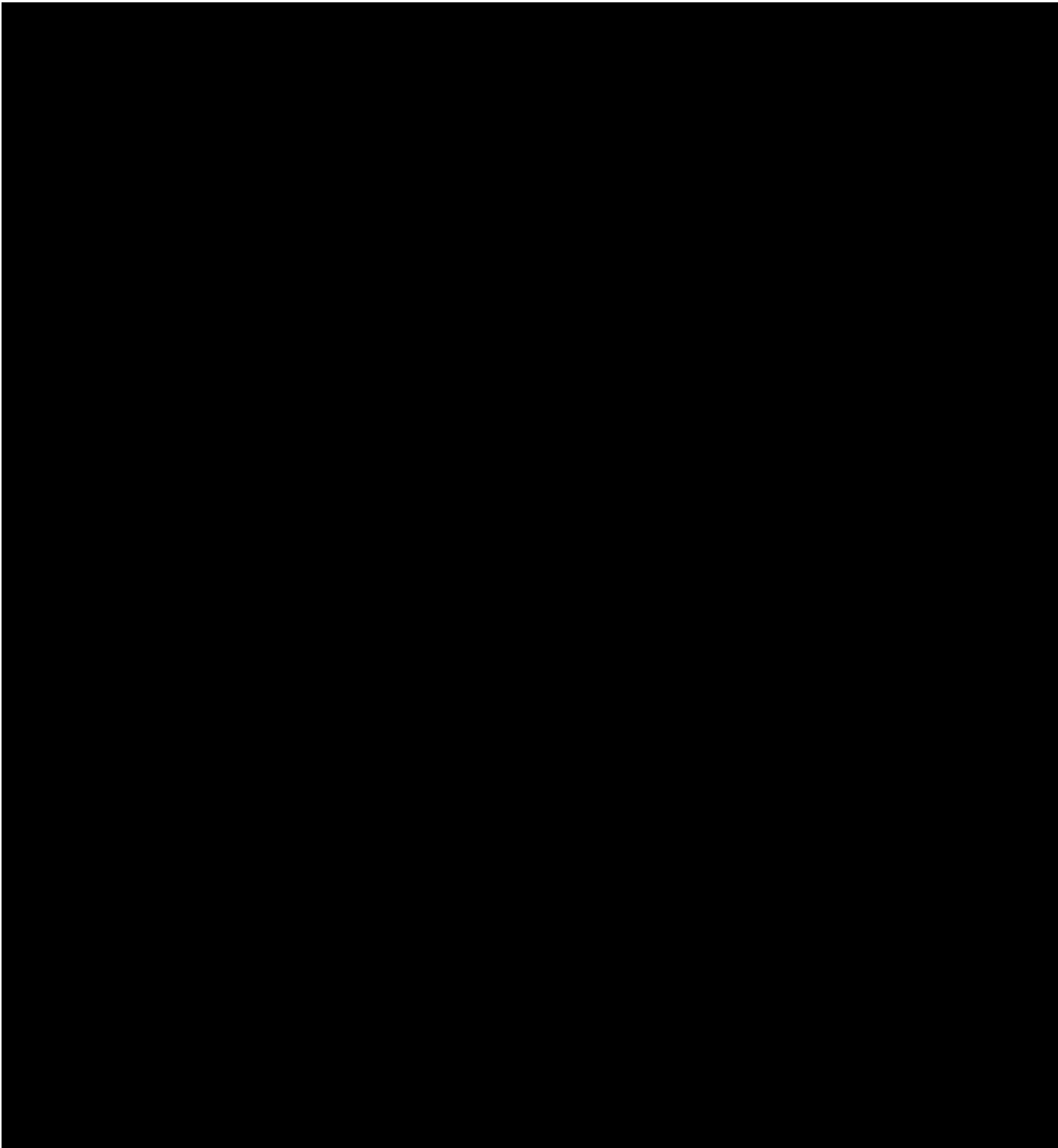
Belt filter press comments:

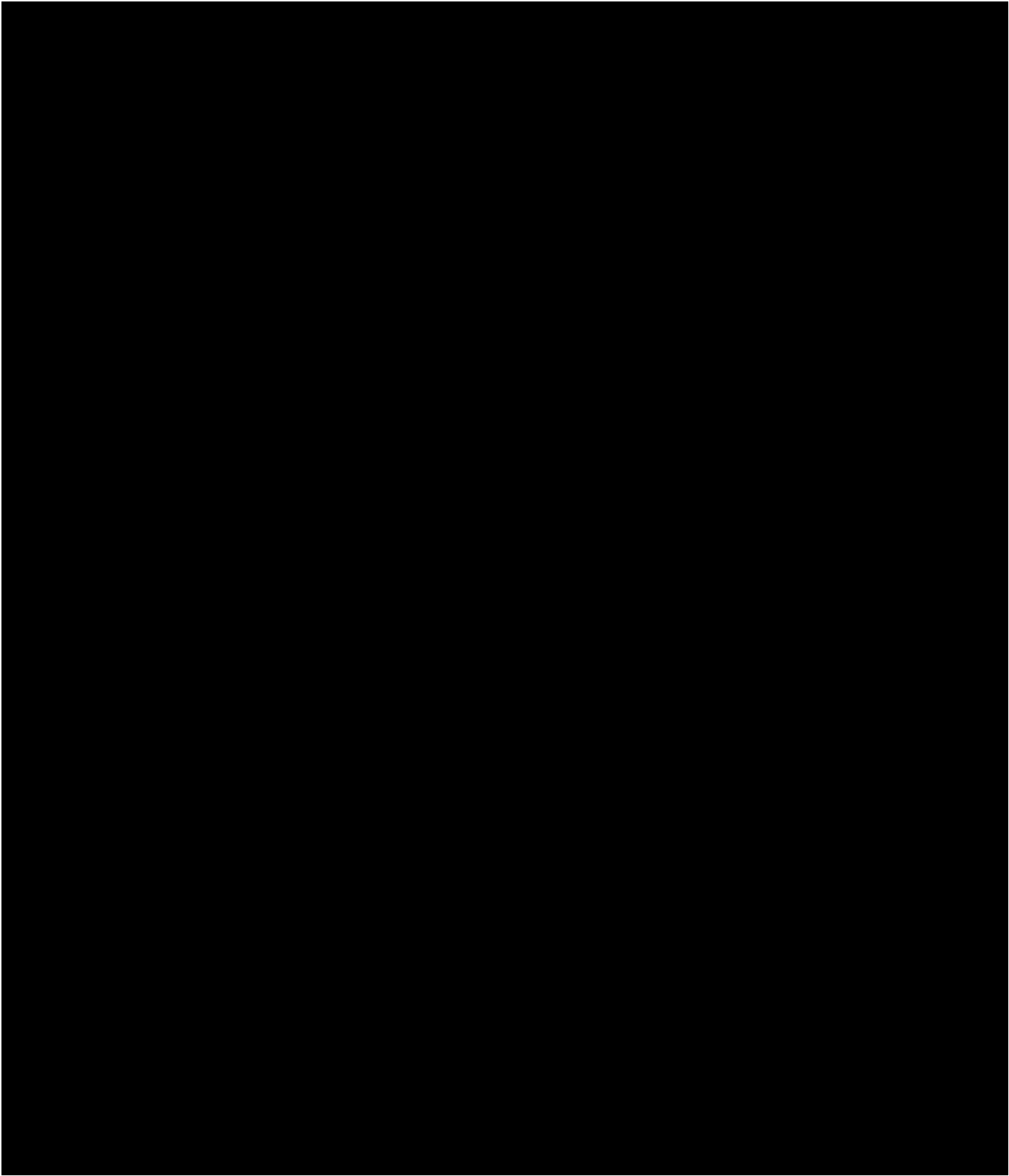
- Chemical Storage.
 - Note various chemical drum storage areas without labeling, spill containment, or measuring equipment.
 - Chemical drums not labeled with globally harmonized system (GHS) as required by OSHA.
 - Drum in service is tipped up on end by a stone and left balancing that could easily topple, spill, and cause injury.
 - It was unclear if the chemical drums were compatible with each other should a spill occur without separate containment.
- Platform / working surfaces.
 - Note the pooling/ponding water around the process equipment and electrical cabinets.
 - The platform around the press has a ladder on it that would make it easy to overtop the railing and fall to the concrete floor.
 - The platform is also installed elevating the worker higher than the yellow safety E-stop cable. This cable should be at waist level and easily accessible. If an employee was to get entangled in this moving equipment, the safety cable for the E-stop is at their ankles and out of reach.
 - Notice that the railing only exists on the outside perimeter of the work platform, permitting unobstructed fall potential into the moving equipment.
 - There are no guards on the pinch points of the equipment.
- Building
 - No exit signs
 - No emergency exit lighting
 - No fire extinguishers
 - Inadequate chemical storage signage
 - No signs for personal protective equipment requirements

SECTION 7

[BEGIN CONFIDENTIAL]







[END CONFIDENTIAL]

**SUPPLEMENTAL
EXHIBIT X**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA WASTEWATER, INC.

DOCKET NO. A-2022-3033138

AQUA STATEMENT NO. 4 SUPP

SUPPLEMENTAL DIRECT TESTIMONY OF

CHARLES R. JONES, JR.

CITY MANAGER

CITY OF BEAVER FALLS

**With Regard To:
Operations and
Public Benefits of the Proposed Transaction**

March 2024

CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

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CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Charles R. Jones, Jr. My business address is 715 15th Street, Beaver Falls, PA
4 15010.

6 **Q. In what capacity are you affiliated with the City of Beaver Falls?**

7 A. I am the appointed City Manager for the City of Beaver Falls (the “City”). My duties as
8 defined by the City’s Home Rule Charter are to manage day-to-day operations and oversee
9 administrative functions of all City departments. I report directly to the Mayor of the City
10 and City Council.

12 **Q. Please provide a brief description of your education and work experience.**

13 A. I am a United States Air Force Veteran, with extensive training and experience with law
14 enforcement management and operations. I am a graduate of the F.B.I. National Academy
15 and currently serve on several local and regional boards, including my role as an executive
16 board member of our local Chamber of Commerce. I have an Associate’s Degree in
17 Criminal Justice and Police Technology. I have an undergraduate degree and graduate
18 degree in leadership and organizational management, and I am a recent recipient of an
19 honorary doctorate degree in leadership from Geneva College.

21 **Q. Have you testified before the Pennsylvania Public Utility Commission
22 (“Commission”) before?**

23 A. Yes. I previously submitted Direct Testimony in this proceeding.

CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

1 **Q. Do you hold any professional licenses or certifications related to wastewater?**

2 A. No. I have no expertise in operating a wastewater system.

3

4 **Q. On whose behalf are you testifying in this proceeding?**

5 A. I am testifying on behalf of the City, and in cooperation and support of Aqua Pennsylvania
6 Wastewater, Inc.'s ("Aqua") application to purchase the City's wastewater collection,
7 conveyance, and treatment system (the "System").

8

9 **Q. Please describe the purposes of your supplemental direct testimony and summarize**
10 **the key points it will address.**

11 A. The purpose of my testimony is to supplement my Direct Testimony by providing
12 additional discussion regarding current operations of the City's System and discussion of
13 additional public benefits of this transaction.

14

15 **Q. Are you sponsoring any Exhibits with your testimony?**

16 A. No.

17

18 **II. CURRENT OPERATIONS AND CONDITION OF THE SYSTEM**

19 **Q. Have you reviewed the Supplemental Direct Testimony of Zach Martin regarding the**
20 **current operations of the System?**

21 A. Yes. I was not aware of the serious operational deficiencies and unsafe conditions at the
22 WWTP until I reviewed the Supplemental Direct Testimony of Zach Martin. I am
23 concerned about the current operations of the System and the deterioration of the City's 80

CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

1 year-old wastewater treatment plant (“WWTP”) since Aqua’s initial review of the System
2 in 2021. The Plant Manager has been out on medical leave for nearly two years and is
3 unable to work for the City. He is on permanent disability. We have also lost other skilled
4 operators since 2021. We have tried to hire people to fill these open positions for many
5 months but have been unsuccessful.

6
7 **Q. Does the City have a plan to address the issues raised in Mr. Martin’s Supplemental**
8 **Direct Testimony?**

9 A. No, it does not at this time. The City will do its best to alleviate any serious and dangerous
10 conditions but does not have the expertise or the financial resources to support the adequate
11 operations of the System long-term.

12
13 **Q. Does the City have a capital plan for the System?**

14 A. The City does not have a long-term capital plan for the System as a result of the City’s
15 financial condition. The City attempts to fix problems with the System as they arise but
16 does not have the ability to do more than that.

17
18 **III. BENEFITS OF THE PROPOSED TRANSACTION**

19 **Q. Please describe the benefits of the Proposed Transaction for the City in addition to**
20 **those provided in your Direct Testimony.**

21 A. Given the deterioration of the System and the serious deficiencies in the operation of the
22 System since the City has been unable to employ the necessary experts, the City feels the
23 urgent need to sell the System to Aqua to ensure that the System will be operated safely

CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

1 and its customers will be provided with the excellent service they deserve. In addition the
2 City believes Aqua will provide critical environmental compliance, and protection of the
3 System’s receiving waterways which I am very concerned about given the raw sewage
4 seepage into the Beaver River from the System as described in Zach Martin’s Supplemental
5 Direct Testimony.

6 The City has historically experienced significant financial difficulties. Because of
7 the financial condition of the City, the City likely will not be able to keep up with the
8 growing capital needs of the aging System. If the City sells the System to Aqua, the capital
9 needs will be met and the proceeds from the sale of the System will help prevent the City
10 from being named by the Commonwealth Department of Community and Economic
11 Development a distressed community or Act 47 status, which indicates severe financial
12 difficulties and could lead to the City being placed in receivership.

13 Another benefit of the sale is Aqua’s extensive financial assistance to lower income
14 customers struggling to pay their wastewater bills. I understand that rates will increase for
15 the City’s customers if Aqua owns and operates the System, however, Aqua took great care
16 explaining their commitment to assist the low income residents which could be a significant
17 portion of the City’s residents. As I stated in my Direct Testimony, the median household
18 income based on 2020 data was \$35,951. In 2022 the median household income was
19 \$39,194.¹ For a household of 4 persons at \$39,194 they would be at the 130.65% of the
20 federal poverty income guidelines (“FPIG”), and thus could qualify for Aqua’s low income

¹ See <https://data.census.gov/table/ACSST5Y2022.S1903?q=Beaver%20Falls%20city,%20Pennsylvania&t=Income%20and%20Poverty>

CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

1 program.² Similarly, households of 2 and 3 persons at the median household income would
2 be at 198.75% and 157.66% of FPIG, respectively, and could qualify for Aqua’s low
3 income program.³ There are approximately 292 4-person families, 433 3-person families,
4 and 696 2-person families in Beaver Falls which represents the vast majority of the
5 population of Beaver Falls.⁴

6
7 **Q. Do you believe the System is a troubled system?**

8 A. Yes. For the reasons set forth in Mr. Martin’s Supplemental Direct Testimony and as I
9 explained above regarding the City unable to fill positions at the WWTP, the lack of capital
10 planning, and the deficiencies in the System operations, Beaver Falls does not have the
11 financial, managerial or technical ability to operate the System.

12
13 **Q. Do you believe that the Proposed Transaction is in the public interest?**

14 A. Yes. For the reasons I set forth in my Direct Testimony and above, I believe that the
15 Proposed Transaction provides substantial affirmative public benefits and is in the public
16 interest. I urge the Commission to promptly approve the Proposed Transaction.

17
18
19

² See <https://www.hardshiptools.org/IncomeCalculator.aspx>

³ Id.

⁴ See

<https://data.census.gov/table/ACSST5Y2022.S1903?q=Beaver%20Falls%20city,%20Pennsylvania&t=Income%20and%20Poverty>

CITY OF BEAVER FALLS, BEAVER COUNTY
SUPPLEMENTAL DIRECT TESTIMONY OF CHARLES R. JONES, JR.

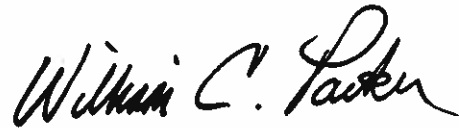
1 **IV. CONCLUSION**

2 **Q. Does this conclude your testimony?**

3 A. Yes, it does. However, I reserve the right to file additional testimony at a later date as may
4 be necessary or appropriate.

VERIFICATION

I, William C. Packer, Vice President, Regulatory Accounting and Regional Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in the foregoing Updates to the Application of Aqua Pennsylvania Wastewater, Inc., pursuant to Sections 1102, 1329, 507 and 508 of the Public Utility Code, for approvals and an order relating to the acquisition of the wastewater system assets of the City of Beaver Falls are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



William C. Packer
Vice President, Regulatory
Accounting and Regional Controller
Aqua Pennsylvania, Inc.

Dated: March 28, 2024