



**Elizabeth Rose Triscari**  
Senior Director, Corporate Counsel  
852 Wesley Drive | Mechanicsburg, PA 17055  
Phone: 717-550-1574 | Fax: 717-550-1255  
[elizabeth.triscari@amwater.com](mailto:elizabeth.triscari@amwater.com)

VIA eFiling

December 9, 2024

Rosemary Chiavetta, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Securities Certificate of Pennsylvania-American Water Company in the matter of the issuance of Promissory Notes in an aggregate outstanding principal amount not to exceed \$680,000,000**

Docket No.: \_\_\_\_\_

Dear Secretary Chiavetta:

The attached Securities Certificate of Pennsylvania-American Water Company is a qualified document permitted to be filed electronically. The statutory filing fee has been paid by credit card.

Should you have any questions regarding this filing, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari

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Attachment

cc: Paul Diskin, Director  
Bureau of Technical Utility Services VIA E-mail (with Attachment)  
David Huff, Finance Supervisor  
Bureau of Technical Utility Services VIA E-mail (with Attachment)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**In re: Securities Certificate of** :  
**Pennsylvania-American Water Company** :  
**in the matter of the issuance of** : **Securities Certificate**  
**Promissory Notes in an aggregate** : **Docket No. \_\_\_\_\_**  
**outstanding principal amount not to** :  
**exceed \$680,000,000** :

**TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

**I. BACKGROUND**

Pursuant to Chapter 19 of the Pennsylvania Public Utility Code (66 Pa. C.S. §1901, et seq.), Pennsylvania-American Water Company ("PAWC" or the "Company") hereby respectfully requests that the Pennsylvania Public Utility Commission ("PUC" or the "Commission") register this Securities Certificate and issue written notice of the registration to the Company, and in support thereof states as follows.

1. The name and address of the public utility filing this Securities Certificate are:

Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, Pennsylvania 17055

2. The names and address of the Company's attorney for this Securities Certificate are:

Elizabeth Rose Triscari, Esquire (PA ID # 306921)  
Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
Telephone: 717-550-1574  
E-mail: Elizabeth.Triscari@amwater.com

3. PAWC is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and is a wholly owned subsidiary of the American Water

Works Company, Inc. ("American Water"). The brief corporate history of the Company is: on February 1, 1989, the then-existing Pennsylvania-American Water Company (the result of the January 1, 1987 merger of Riverton Consolidated Water Company into Keystone Water Company) was merged with and into Western Pennsylvania Water Company, and the name of the surviving corporation was changed to Pennsylvania-American Water Company, a/k/a Pennsylvania American Water. The Company furnishes water service to the public in portions of the Counties of Adams, Allegheny, Armstrong, Beaver, Berks, Bucks, Butler, Centre, Chester, Clarion, Clearfield, Clinton, Columbia, Cumberland, Dauphin, Fayette, Indiana, Jefferson, Lackawanna, Lancaster, Lawrence, Lebanon, Luzerne, McKean, Monroe, Montgomery, Northampton, Northumberland, Pike, Schuylkill, Susquehanna, Union, Warren, Washington, Wayne, Wyoming and York. The Company furnishes wastewater service to customers in Adams, Allegheny, Beaver, Berks, Chester, Clarion, Cumberland, Lackawanna, McKean, Monroe, Montgomery, Northumberland, Pike, Washington and York Counties.

As of October 31, 2024, PAWC furnishes water service to 686,798 customers and wastewater service to 98,632 customers.

4. The Company is a Pennsylvania public utility subject to the jurisdiction of the Commission. As of December 31, 2023, 99.88% of the voting securities of the Company (including 100% of its Common Stock) were owned by American Water, a Delaware corporation, and its subsidiaries.

5. The Company proposes to issue an amount not to exceed \$680,000,000 in aggregate consolidated long-term debt under this securities certificate, by the issuance of one or more promissory notes (the "Notes") to American Water Capital Corp. ("AWCC") and pursuant to the terms of the Financial Services Agreement dated June 15, 2000.

6. AWWC is a wholly owned subsidiary of American Water and, therefore, is an affiliate of PAWC. By Order entered June 22, 2000, at Docket No. G-00000763, the Commission granted its approval of the Financial Services Agreement under Section 2102 of the Public Utility Code (66 Pa. C.S. § 2102). As fully explained in PAWC's affiliated interest filing at Docket No. G-00000763, similar Financial Services Agreements have been executed between AWCC and all of the participating companies within the American Water system (the "Participating Companies").

## **II. DESCRIPTION OF THE SECURITIES**

7. PAWC proposes to issue securities described as follows:

a. TITLE OF SECURITIES:

Promissory Note.

b. AGGREGATE PRINCIPAL AMOUNT:

Not to exceed \$680,000,000

c. EXPECTED DATE OF ISSUE:

It is anticipated that the Notes or portions thereof will be issued from the date of registration hereof through the end of 2026. The specific issuance dates and principal amounts of each series of Notes will be dependent upon market conditions and the timing of regulatory approval.

d. DATE OF MATURITY:

The principal amount(s) shall be due and payable for each series of Notes at such times as AWCC must make principal payments with respect to the borrowings it makes in order to lend funds to PAWC pursuant to the Notes. It is anticipated that the dates of maturity shall be not more than 50 years from the nominal date(s) of issue of each series, with the expectation that the maturity dates may range from 5 to 50 years, dependent upon market conditions.

e. INTEREST RATES:

Interest rates charged by AWCC shall be at market rates, determined by market conditions at the time of issuance of each series. In connection with the issuance of long-term debt, PAWC may deem that it is in its best interest to enter into one or more swaps, hedges or other derivative agreements or arrangements with respect to such long-term debt.

f. PAYMENT DATES:

Interest due on the Notes shall be due and payable on the same business day on which AWCC must pay interest on the borrowings it makes in order to lend funds to PAWC pursuant to the Notes.

g. EXTENT TO WHICH TAXES ON SECURITIES ARE ASSUMED BY ISSUER:

None.

h. CALLABILITY AND CONVERSION PROVISIONS:

The Notes will be subject to the same redemption provisions as the borrowings made by AWCC in order to lend funds to PAWC pursuant to the Notes. The Notes will not be convertible into any other class of securities of PAWC.

i. MAINTENANCE:

None.

j. SINKING FUND PROVISIONS:

None.

k. NAME AND ADDRESS OF TRUSTEE:

None.

8. The loans from AWCC to PAWC evidenced by the Notes will be unsecured.

9. The purposes for which PAWC proposes to issue the Notes are to fund infrastructure investment growth, make acquisitions of water and wastewater assets, repay maturing long-term debt, refinance existing debt and to pay down short-term debt.

10. The expenses to be incurred by PAWC in connection with the issuance of the Notes will be nominal. Under the terms of the Financial Services Agreement, AWCC's issuance costs for its borrowings will be allocated among the Participating Companies in proportion to the principal amount that is loaned to each Participating Company. Accordingly, the proportionate share to PAWC for fees including, but not limited to, underwriter and legal fees, accountant's fees, company labor and miscellaneous costs are not expected to exceed 2.0% of the principal amount of the Notes.

11. No registration statement, application or declaration is required to be filed with the Securities and Exchange Commission with respect to the Notes.

12. There are appended hereto and made a part hereof the following Exhibits:

- |           |  |
|-----------|--|
| Exhibit A | Balance Sheet of the Company as of June 30, 2024.                              |
| Exhibit B | Statements of Income of the Company for the twelve months ended June 30, 2024. |
| Exhibit C | Statement with Respect to Utility Plant Accounts at December 31, 2023.         |
| Exhibit D | [Not Applicable]   |
| Exhibit E | Statement showing the Status of Long-Term Debt Outstanding at June 30, 2024.   |
| Exhibit F | Statement showing the Status of Outstanding Capital Stock as of June 30, 2024. |
| Exhibit G | [Not Applicable]   |
| Exhibit H | [Not Applicable]   |

- Exhibit I A copy of the resolutions of the Board of Directors of the Company authorizing the proposed issuance.
- Exhibit J Form of Note
- Exhibit K Statement showing, in journal entry form, all charges and credits to be made on the books of account of the Company as the result of the proposed issuance.
- Exhibit L Affidavit.

WHEREFORE, Pennsylvania-American Water Company respectfully request the Pennsylvania Public Utility Commission to register this Securities Certificate pursuant to Chapter 19 of the Public Utility Code, 66 PA.C.S. §1901, et seq., for the issuance, from time to time, from the date of registration hereof through the end of 2026, of various series of Notes in an aggregate outstanding principal amount not to exceed \$680,000,000

Dated: December 9, 2024

Pennsylvania-American Water Company



Elizabeth Rose Triscari, Esquire (PA ID # 306921)  
Counsel for: Pennsylvania-American Water Company  
Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
Telephone: 717-550-1574  
E-mail: Elizabeth.Triscari@amwater.com

Pennsylvania-American Water Company  
Balance Sheet  
June 30, 2024  
(Dollars in Thousands)

**EXHIBIT A**

PA American Water  
June 30, 2024  
(Unaudited)

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Assets

|                                      |                  |
|--------------------------------------|------------------|
| Cash and Cash Equivalents            | 3,069            |
| Other Current Assets                 | 486,445          |
| Total Property, Plant, and Equipment | 6,904,134        |
| Regulatory Assets & Other L/T Assets | 241,799          |
| Total Assets                         | <u>7,635,447</u> |

Capitalization and Liabilities

|                                      |                  |
|--------------------------------------|------------------|
| Short Term Debt                      | -                |
| Current Portion of Long Term Debt    | 39,997           |
| Other Current Liabilities            | 287,117          |
| Total Long Term Debt                 | 2,587,689        |
| Regulatory & Other L/T Liabilities   | 1,208,360        |
| Stockholder's Equity                 | 3,273,198        |
| Contributions in Aid of Construction | 239,086          |
| Total Capitalization and Liabilities | <u>7,635,447</u> |

Pennsylvania-American Water Company

**EXHIBIT B**

Income Statement

for the Twelve Months Ended June 30, 2024

(Dollars in Thousands)

|                               | PA American Water<br>Twelve Months<br>Ended June 30, 2024<br>(Unaudited) |
|-------------------------------|--|
| Operating Revenues            | \$ 977,167   |
| Operating Expenses            |  |
| Operation and Maintenance     | 292,642  |
| Depreciation and Amortization | 206,910  |
| General Taxes and Other       | 17,705   |
| Total Operating Expenses      | <u>517,257</u>   |
| Operating Income              | 459,910  |
| Other Income (Expense)        |  |
| Other Income (Expense), Net   | (855)  |
| Interest Expense, Net         | (67,352)   |
| Total Other Expenses          | <u>(68,207)</u>  |
| Income Before Income Taxes    | 391,703  |
| Provision for Income Taxes    | 97,992   |
| Net Income                    | <u>\$ 293,711</u>  |

**PENNSYLVANIA AMERICAN WATER COMPANY**  
**Utility Plant Balances as of December 31, 2023**  
*(\$ in thousands)*

**Exhibit C**

|  | as of<br>12/31/2023              |
|--|----------------------------------|
| <b><u>Water Utility Plant</u></b>      |                                  |
| Intangible Plant                       | \$ 13,243                        |
| Source of Supply and Pumping           | 413,364                          |
| Water Treatment Equipment              | 851,957                          |
| Transmission and Distribution          | 4,910,233                        |
| General Plant                          | 457,243                          |
| Not Classified                         | 6,941                            |
| <b>Subtotal Water</b>                  | <b>6,652,981</b>                 |
| <br>                                   |                                  |
| <b><u>Wastewater Utility Plant</u></b> |                                  |
| Intangible Plant                       | 221                              |
| Collection System                      | 1,043,798                        |
| Treatment and Disposal Facilities      | 673,341                          |
| General Plant                          | 50,151                           |
| <b>Subtotal Wastewater</b>             | <b>1,767,511</b>                 |
| <br>                                   |                                  |
| <b>Total Utility Plant</b>             | <b><u><u>\$8,420,492</u></u></b> |

(a) The aggregate principal amount of Bonds outstanding under Mortgage Indenture with U.S. Bank Trust Company, National Association as of 6/30/24:

| No. | Internal Reference | External Reference | Start Term Date | End of Term Date | Interest Rate | Carrying Amount |
|-----|--------------------|--------------------|-----------------|------------------|---------------|-----------------|
| 1   | BD240003           | 708653D*8          | 11/1/2003       | 11/1/2033        | 6.78          | \$ 38,000,000   |
| 11  | BD240004           | 708653AA8          | 9/1/2006        | 9/1/2026         | 7.8           | 150,000,000     |
| 14  | BD240022           | 708653D#4          | 8/1/2004        | 8/1/2025         | 8.15          | 10,000,000      |
| 13  | BD240020           | 708653C#5          | 11/1/2004       | 11/1/2031        | 8.82          | 10,000,000      |
|     |                    |                    |                 |                  |               | \$ 208,000,000  |

(b) The aggregate principal amount of all outstanding Long Term Debt of the Company other than that issued under the Indenture is as follows as of 6/30/24:

**Government Debt (PENNVEST Loans and Tax Exempt Bonds)**

| No. | Internal Reference | External Reference | Start Term Date | End of Term Date | Interest Rate | Carrying Amount |
|-----|--------------------|--------------------|-----------------|------------------|---------------|-----------------|
| 6   | BD240089           | 80173              | 7/1/2012        | 10/1/2032        | 3.117         | \$ 4,861,715    |
| 7   | BD240090           | 81018              | 7/1/2012        | 12/1/2031        | 3.098         | 708,465         |
| 8   | BD240091           | 12680              | 7/1/2012        | 3/1/2041         | 1             | 1,061,802       |
| 10  | BD240093           | 12706              | 7/1/2012        | 3/1/2032         | 2.69          | 486,793         |
| 25  | BD240061           | 80111              | 7/1/2012        | 7/1/2024         | 2.774         | 6,701           |
| 26  | BD240062           | 81006              | 7/1/2012        | 11/1/2024        | 1.156         | 127,335         |
| 27  | BD240063           | 88012              | 7/1/2012        | 12/1/2025        | 2.763         | 389,123         |
| 28  | BD240064           | 80116              | 7/1/2012        | 8/1/2024         | 2.774         | 53,926          |
| 29  | BD240065           | 88018              | 7/1/2012        | 10/1/2024        | 2.432         | 62,362          |
| 39  | BD240083           | 89188              | 7/1/2012        | 9/1/2029         | 2.547         | 713,377         |
| 42  | BD240086           | 12695              | 7/1/2012        | 2/1/2031         | 2.69          | 4,649,925       |
| 55  | BD240097           | 81021              | 3/22/2013       | 3/1/2033         | 2.196         | 643,802         |
| 57  | BD240092           | 12694              | 7/1/2012        | 4/1/2031         | 2.81          | 765,438         |
| 84  | BD240101           | 27856              | 4/1/2015        | 2/1/2037         | 1             | 10,138,880      |
| 85  | BD240102           | 12659              | 10/15/2015      | 7/1/2040         | 1             | 83,794          |
| 86  | BD240103           | 89189              | 10/15/2015      | 7/1/2040         | 1             | 657,151         |
| 87  | BD240104           | 81132              | 4/21/2016       | 5/1/2037         | 1.985         | 2,739,161       |
| 89  | BD240105           | 27881              | 12/29/2016      | 11/1/2037        | 1             | 5,209,980       |
| 90  | BD240106           | 81133              | 6/14/2017       | 11/1/2036        | 2.027         | 3,859,447       |
| 101 | BD240082           | 70869PMF1          | 6/21/2019       | 4/1/2039         | 3             | 80,000,000      |
| 103 | BD240084           | 18051VBJ9          | 12/12/2019      | 12/3/2029        | 2.45          | 13,165,000      |
| 104 | BD240085           | 550728AF6          | 12/12/2019      | 12/3/2029        | 2.45          | 80,000,000      |
|     |                    |                    |                 |                  |               | \$ 210,384,176  |

**Promissory Notes with American Water Capital Corp as of 6/30/24:**

| No  | Internal Refere | External Refere | Start Term D: | End of Term D | Interest R: | Carrying Amount  |
|-----|-----------------|-----------------|---------------|---------------|-------------|------------------|
| 4   | BD240087        | 03040WAC9       | 11/21/2011    | 10/15/2037    | 5.05        | \$ 35,000,000    |
| 5   | BD240088        | 03040WAC9       | 11/21/2011    | 10/15/2037    | 5.05        | 15,500,000       |
| 50  | BD240094        | 03040WAJ4       | 12/17/2012    | 12/1/2042     | 4.3         | 45,000,000       |
| 54  | BD240096        | 03040WAJ4       | 12/21/2012    | 12/1/2042     | 4.3         | 23,015,000       |
| 58  | BD240099        | 03040WAL9       | 8/14/2014     | 3/1/2025      | 3.4         | 36,200,000       |
| 59  | BD240100        | 03040WAJ4       | 8/14/2014     | 12/1/2042     | 4.3         | 65,700,000       |
| 91  | BD240107        | 03040WAR6       | 8/10/2017     | 3/1/2047      | 3.75        | 240,000,000      |
| 92  | BD240108        | 03040WAQ8       | 3/13/2017     | 3/1/2027      | 2.95        | 101,426,171      |
| 96  | BD240109        | 03040WAS4       | 8/9/2018      | 3/1/2028      | 3.75        | 74,733,360       |
| 97  | BD240110        | 03040WAT2       | 8/9/2018      | 3/1/2048      | 4.2         | 227,483,000      |
| 98  | BD240111        | 03040WAS4       | 3/11/2018     | 3/1/2028      | 3.75        | 124,719,875      |
| 100 | BD240112        | 03040WAU9       | 5/23/2019     | 6/1/2029      | 3.45        | 110,000,000      |
| 107 | BD240113        | 03040WAW5       | 4/14/2020     | 5/1/2030      | 2.8         | 30,000,000       |
| 108 | BD240114        | 03040WAX3       | 4/14/2020     | 5/1/2050      | 3.45        | 30,000,000       |
| 110 | BD240116        | 03040WAZ8       | 5/14/2021     | 6/1/2051      | 3.25        | 47,500,000       |
| 111 | BD240115        | 03040WAY1       | 6/14/2021     | 6/1/2031      | 2.3         | 47,500,000       |
| 112 | BD240117        | 03040WBA2       | 5/5/2022      | 6/1/2032      | 4.45        | 255,000,000      |
| 113 | BD240118        | 03040WAT2       | 12/27/2022    | 3/1/2048      | 4.2         | 120,000,000      |
| 114 | BD240119        | 03040WAC9       | 12/27/2022    | 10/15/2037    | 5.05        | 6,000,000        |
| 115 | BD240120        | 03040WAC9       | 12/27/2022    | 10/15/2037    | 5.06        | 3,000,000        |
| 116 | BD240121        | 03040WAC9       | 12/27/2022    | 10/15/2037    | 4.2         | 3,370,000        |
| 117 | BD240122        | 03040WAC9       | 12/27/2022    | 10/15/2037    | 5.06        | 500,000          |
| 118 | BD240123        | 03040WAC9       | 12/27/2022    | 10/15/2037    | 4.75        | 600,000          |
| 119 | BD240124        | 03040#AL6       | 12/27/2022    | 5/19/2039     | 5.14        | 5,000,000        |
| 121 | BD240125        | 03040WBB0       | 8/15/2023     | 6/15/2026     | 3.625       | 150,000,000      |
| 122 | BD240126        | 03040WBD6       | 5/15/2024     | 3/1/2034      | 5.15        | 175,000,000      |
| 123 | BD240127        | 03040WBC8       | 5/15/2024     | 3/1/2054      | 5.45        | 175,000,000      |
|     |                 |                 |               |               |             | \$ 2,213,259,406 |

(c) The total of the sums stated in subparagraphs (a) and (b) is: \$ 2,631,643,582

(d) The value of the following preferred stock is:

| No | Internal Refere | External Refere | Start Term D: | End of Term D | Interest R: | Carrying Amount |
|----|-----------------|-----------------|---------------|---------------|-------------|-----------------|
| 43 | PS240007        | 450B04045       | 1/15/2004     | 1/15/2051     | 3.75        | \$ 178,000      |
| 44 | PS240008        | 449B04049       | 1/15/2004     | 1/15/2051     | 3.35        | 273,500         |
|    |                 |                 |               |               |             | \$ 451,500      |

(e) The total of the sums stated in subparagraphs (c) and (d) is: \$ 2,632,095,082

(f) The total of the par or stated value of all outstanding capital stock of the Company and all paid-in premiums, if any, thereon are as follows:

Outstanding Capital Stock:

Common, \$5.50 par value \$ 21,506,887

(g) Paid in Capital \$ 2,217,231,449

Retained Earnings \$ 1,034,460,058

\$ 3,251,691,507

(h) The total of the sums stated in subparagraphs (e), (f), and (g), which shall be the Total Capitalization of the Company is: \$ 5,905,293,475

PENNSYLVANIA-AMERICAN WATER COMPANY

I, Elizabeth R. Triscari, Assistant Secretary of Pennsylvania-American Water Company, a Pennsylvania corporation (the "Company"), DO HEREBY CERTIFY that below is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company by Unanimous Written Consent dated October 21, 2024, and that such resolutions have not been amended or rescinded and are still in full force and effect:

**RESOLVED**, that, the Company is hereby authorized and empowered to file one or more Securities Certificate(s) with the Pennsylvania Utility Commission for the issuance of long-term debt related to the Company's 2024 Business Plan, in an amount not to exceed \$680,000,000 through the end of year 2026;

**RESOLVED**, that the proceeds from the debt issuance will primarily be used to fund infrastructure investment growth, acquisitions, repay maturing long-term debt, refinance existing debt and to pay down short-term debt.

**RESOLVED**, that the proper officers of the Company be, and they hereby are, authorized and empowered to execute and deliver such papers, instruments and documents and to do all other acts and things desirable or convenient, in order fully to carry out and consummate all of the actions authorized by the foregoing resolutions; and

**RESOLVED**, that any and all actions previously taken by such proper officers of the Company in order fully to carry out and consummate all of the actions authorized by the foregoing resolutions are ratified, confirmed and approved.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of this Company this 9<sup>th</sup> day of December 2024.

  
Assistant Secretary



PROMISSORY NOTE  
FOR LONG-TERM BORROWINGS

\$ \_\_\_\_\_, 20\_\_

FOR VALUE RECEIVED, [NAME OF COMPANY], a \_\_\_\_\_ corporation (herein "Borrower") hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices in Camden, New Jersey or such other place as Lender may from time to time designate, the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Promissory Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Promissory Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Promissory Note, but this Promissory Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Promissory Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of [ ] [ ], 20\_\_ between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

[BORROWER]

By \_\_\_\_\_  
Name and Title

**PENNSYLVANIA AMERICAN WATER COMPANY**

**Exhibit K**

Proposed Journal Entries to record the issuance of Long-Term Debt

|                | Debit       | Credit      |
|----------------|-------------|-------------|
| Cash           | 680,000,000 |             |
| Long-Term Debt |             | 680,000,000 |

*Record the issuance of Long-Term Debt.*

|                 | Debit       | Credit      |
|-----------------|-------------|-------------|
| Short Term Debt | 680,000,000 |             |
| Cash            |             | 680,000,000 |

*Record the repayment of Short-Term Debt with proceeds from the issuance of Long-Term Debt.*

