



McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Adeolu A. Bakare
Direct Dial/Fax: 717.237.5290
abakare@mcneeslaw.com

January 12, 2026

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Via E-FILING

RE: In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S.§§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and (2) the rights of Pennsylvania- American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania; Docket No. A-2025-3053487

In re: Application of Pennsylvania-American Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the wastewater system owned and operated by the East Coventry Township; Docket No. A-2025-_____

In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater system owned and operated by the Township of East Coventry, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, (iii) for book and ratemaking purposes, defer depreciation related to post-acquisition improvements not recovered through the distribution system improvement charge, and (iv) include, in its next base rate case, a claim for transaction and closing costs; ; Docket No. P-2025-_____

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement by and between East Coventry Township and Pennsylvania-American Water Company, and (ii) the Pro Forma Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company; Docket No. U-2025-_____

Dear Secretary Homsher:

Attached please find the Amended Application of Pennsylvania-American Water Company ("PAWC") for approval to acquire substantially all of the assets, properties and rights related to the water system owned by the East Coventry Township at the above-referenced docket ("Amended Application"). The Application was originally filed on October 8, 2025.

This Amended Application is being filed to amend the Application and certain appendices, inclusive of the amended appendices provided in PAWC's Response to the Technical Utility Services Bureau Set I Data Requests. These amendments generally reflect changes the assumed contracts proposed for approval under 66 Pa. C.S. § 507, updates to Seller's current rates, and changes adopted in the response to the Set I Data Requests. Documents not identified herein remain unchanged from the October 8 Application. The amended documents are as follows:

1. Amended Application
2. Amended Appendix A-2 (Officer Verification)
3. Amended Appendix A-12 (East Coventry Proforma Wastewater Tariff)
4. Appendix A-13-a: East Coventry Statement No. 1 – Direct Testimony of R. Kolb
5. Amended Appendix A-14(a)
 - PAWC Statement No. 1 – Direct Testimony of M. Kohl
 - PAWC Statement No. 3 – Direct Testimony of C. Chard
 - PAWC Exhibit CEC-1 Customer Notice and Workpapers
6. Amended Appendix A-15
 - Amended Appendix A-15-a (**CONFIDENTIAL** Engineering Assessment)
 - Amended Appendix A-15-c (DEP Permitted Productive of Treatment Capacity)
7. Amended Appendix A-18
 - Amended Appendix A-18-a (Seller Current Rates)
 - Amended Appendix A-18-d (Revised Customer Notice)
8. Amended Appendix A-24-a (Fully Executed APA)
9. Amended Appendix A-25 (Municipal Affiliate Contracts to be Assumed by Buyer Response)
10. Appendix A-25-a (Land Development and Financial Security Agreement between East Coventry Township and Frickslock Ventures LLC)
 - Appendix A-25-b (Agreement between North Coventry Municipal Authority, North Coventry Township, and East Coventry Township)
 - Appendix A-25-c (*Pro Forma* Conveyance and Allocation Agreement between PAWC and East Coventry
11. Amended Appendix 4.1 (Amended response to SDR No. 11)

Matthew L. Homsher, Secretary

January 12, 2026

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Please note that **Amended Appendix A-15-a** is **CONFIDENTIAL** and should be treated as such pursuant to the forthcoming Protective Order. It has been uploaded to the Secretary's SharePoint site.

Finally, PAWC has deliberately and thoughtfully chosen today's filing date, in anticipation of a final Commission order at the Public Meeting scheduled for September 10, 2026. PAWC's proposed timeline assumes the following approximate dates:

- 1/12/26 PAWC Files Amended Application
- 2/2/26 TUS Conditionally Accepts PAWC Application for Filing via Secretarial Letter (Conditioned on Completion of Notice Requirements)
- 3/9/26 PAWC Provides Verification of Notice Completion to PUC Secretary/TUS
- 3/16/26 PAWC Application Officially Accepted for Filing via PUC Secretarial Letter/PUC Submits Notice to PA Bulletin for Publication
- 3/30/26 PA Bulletin Notice of PAWC Application
- 4/20/26 End of Application Protest / Intervention Period
- 9/10/26 PUC Final Action at Public Meeting

Should you have any questions, please feel free to contact me.

Sincerely,



Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to Pennsylvania-American Water Company

c: Certificate of Service
Sean Donnelly , Bureau of Technical Utility Services

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA EMAIL

NazAarah Sabree
Steven C. Gray, Esq.
Commonwealth of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
ra-sba@pa.gov
sgray@pa.gov

Allison C. Kaster, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P. O. Box 3265
Harrisburg, PA 17105-3265
akaster@pa.gov

Darryl Lawrence, Esq.
Melanie El Atieh, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101
ra-oca@paoca.org
melatieh@paoca.org



Adeolu A. Bakare

Counsel to

Dated this 12th day of January, 2026, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S.§§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania

Docket No. A-2025-3053487

In re: Application of Pennsylvania-American Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the wastewater system owned and operated by the East Coventry Township

Docket No. A-2025-_____

In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater system owned and operated by the Township of East Coventry, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, (iii) for book and ratemaking purposes, defer depreciation related to post-acquisition improvements not recovered through the distribution system improvement charge, and (iv) include, in its next base rate case, a claim for transaction and closing costs

Docket No. P-2025-_____

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement by and between East Coventry Township and Pennsylvania-American Water Company, and (ii) the *Pro Forma* Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company

Docket Nos. U-2025-_____,
et al.

AMENDED APPLICATION OF PENNSYLVANIA-AMERICAN WATER COMPANY

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Pennsylvania-American Water Company (“PAWC” or “Applicant”) hereby respectfully requests that the Pennsylvania Public Utility Commission (“Commission”) issue such Certificates of Public Convenience as necessary to evidence its approval under Section 1102(a) of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 1102(a), of: (a) the transfer, by sale of substantially all of the assets, properties and rights related to the wastewater system (the “System”) owned and operated by East Coventry Township (“East Coventry” or the “Township”) to PAWC; (b) PAWC’s right to begin to offer, render, furnish and supply wastewater service in the Township of East Coventry in Chester County, Pennsylvania (hereinafter, the “Service Area”); and (c) PAWC’s right to make effective upon closing the *pro forma* tariff supplement attached hereto as **Appendix A-12**.

2. PAWC also respectfully requests that the Commission approve, pursuant to Code Section 1329, 66 Pa. C.S. § 1329: (a) the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of East Coventry’s assets related to the System;¹ (b) the collection of a distribution system improvement charge (“DSIC”) related to the System prior to the first base rate case in which the System plant-in-service is incorporated

¹ PAWC reserves its right in future proceedings to make rate base claims related to the acquisition as may otherwise be permitted under the Code.

into rate base; (c) to record the acquisition at the net value of the assets, (d) the accrual of Allowance for Funds Used During Construction (“AFUDC”) for post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes; (e) the deferral of depreciation related to post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes; and (f) the inclusion, in its next base rate case, of a claim for transaction and closing costs related to the acquisition. Attached hereto as **Appendix A** is the Commission’s current “66 Pa. C.S. § 1329 Application Filing Checklist - Water/Wastewater” (“Application Filing Checklist”), Appendix A to the Commission’s Final Supplemental Implementation Order in *Valuation of Acquired Municipal Water & Wastewater Systems – Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 (Order entered July 2, 2024) (“2024 FSIO”). For ease of reference and review, the sub-appendices to **Appendix A** (such as **Appendix A-1**, **Appendix A-2**, etc.) correspond directly with the filing requirements listed in the Commission’s Application Filing Checklist. Certain appendices contain proprietary information and are, accordingly, labeled as **CONFIDENTIAL** and filed with the Commission’s Secretary under seal.

3. PAWC further requests, pursuant to Code Section 507, 66 Pa. C.S. § 507, the issuance of Certificates of Filing or approvals for the following agreements between PAWC and a municipal corporation:

- a. Asset Purchase Agreement dated February 7, 2024, by and between the East Coventry Township and Pennsylvania-American Water Company (attached hereto as **Appendix A-24-a**) (the “APA”);
- b. Land Development and Financial Security Agreement dated December 13, 2024, by and between East Coventry Township and Frickslock Ventures LLC (attached hereto as **Appendix A-25-a**) (the “Development Agreement”);

- c. Agreement dated January 27, 2004, by and between North Coventry Municipal Authority (“NCMA”), North Coventry Township, and East Coventry Township (attached hereto as **Appendix A-25-b**) (the “NCMA Agreement”), or alternatively, the *Pro Forma* Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company (attached hereto as **Appendix A-25-c**) (“The Conveyance and Allocation Agreement”);

The aforementioned agreements are referred to collectively herein as the “Section 507 Agreements.”

4. The name and address of the Applicant is:

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

5. The names and addresses of PAWC’s attorneys are:

Teresa K. Harrold, Esquire
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
Telephone: 717-550-1562
Email: teresa.harrold@amwater.com

Adeolu A. Bakare, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
Telephone: 717-237-5290
Email: abakare@mcneeslaw.com

6. PAWC is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. Water and wastewater service are furnished by PAWC to the public in a service territory encompassing more than 418 communities in 37 counties across the Commonwealth, including Chester

County and the nearby counties of Berks, Lancaster and Montgomery. PAWC serves a combined population of over 2,300,000. A description of PAWC's existing certificated water and wastewater service territory is found in **Appendix B**, along with a detailed corporate history, outlining all the mergers, acquisitions and consolidations, which have created PAWC as it exists on the date of this Application.

7. East Coventry is a corporate body and politic organized and existing under the Pennsylvania Municipality Authorities Act in the Commonwealth of Pennsylvania, with an office located at 855 Ellis Woods Road, Pottstown, PA 19465. East Coventry was incorporated as a Township in 1844, where it was split from parts of North Coventry Township. The Code of Ordinances of the Township of East Coventry were adopted by the Board of Supervisors on November 3, 1986. East Coventry owns and operates the System to provide wastewater service to customers in the Service Area.

8. As of September 25, 2025, the System furnished wastewater service to approximately 1,235 equivalent dwelling units ("EDUs") or 966 physical customer connections. The System's Service Area spans approximately 10.1 square miles.

9. As of August 31, 2025, PAWC furnished wastewater service to approximately 116,367 residential, commercial, industrial, municipal and bulk customers in Pennsylvania. As of August 31, 2025, PAWC furnished water service to approximately 694,673 customers in Pennsylvania.

10. The completion of the below-defined Transaction will confer benefits upon the long-term financial health of the Township, while ensuring that East Coventry's existing customers receive safe, adequate, and reliable wastewater service at just and reasonable rates.

A. TRANSFER, BY SALE, OF ALL OF EAST COVENTRY’S ASSETS, PROPERTIES AND RIGHTS RELATED TO THE SYSTEM TO PAWC (OTHER THAN THE EXCLUDED ASSETS)

Summary of the Transaction

11. On February 7, 2024, East Coventry entered into the APA, along with detailed schedules, with PAWC to sell all of East Coventry’s assets, properties and rights relating to the System (other than the Excluded Assets, as defined by the APA) (the “Transaction”). The APA includes a purchase price for the System of \$7,000,000.

12. The Transaction will be completed in accordance with the APA.

13. Among other things, the APA: (i) requires PAWC and East Coventry to complete the Transaction after receipt of all governmental approvals (including from this Commission) and the satisfaction of all conditions precedent; (ii) requires PAWC to assume certain contracts; (iii) requires PAWC initially to adopt the rates in effect at the time of closing of the Transaction (“Closing”) (see *pro forma* tariff supplement attached hereto as **Appendix A-12**); and (iv) sets forth rates for the Service Area that will be fair to both East Coventry’s current customers and PAWC’s current customers.

Applicable Legal Standards

14. Under Code Section 1103, the Joint Applicants must demonstrate that PAWC is legally, technically, and financially fit. *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A.2d 762, 764 (Pa. Cmwlt. 1985); *Warminster Township Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240, 243 (Pa. Super. 1958). As a currently certificated public utility, PAWC’s fitness is presumed by law to be continuing. See, e.g., *South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308, 1310 (Pa. Cmwlt. 1992).

15. The Commission may issue a certificate of public convenience upon a finding that “the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa. C.S. § 1103(a). Ownership and operation of the System by PAWC will “affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way.” *City of York v. Pa. Pub. Util. Comm’n*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972). The “substantial public interest” standard is satisfied by a simple preponderance of the evidence of benefits. *Popowsky v. Pa. Pub. Util. Comm’n*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007).

16. Code Section 1329 establishes a voluntary process whereby the acquiring public utility and the selling municipality may choose to have the fair market value of the assets established through independent appraisals conducted by Utility Valuation Experts (“UVEs”). For ratemaking purposes, the valuation will be the lesser of the average of the two appraisals or the negotiated purchase price.

17. Code Section 1329 also allows, as a matter of law, the acquiring public utility, *inter alia*, (i) to collect a DSIC for the Service Area prior to the first base rate case in which the Service Area plant-in-service is incorporated into rate base,² (ii) to accrue AFUDC for post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes, (iii) to defer depreciation related to post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes, and (iv) to include, in its next base rate case, a claim for transaction and closing costs associated with the acquisition. In order to obtain this ratemaking treatment, the acquiring public utility must produce certain documents

² Before doing so, however, PAWC would need to file and receive Commission approval of, an amended Long Term Infrastructure Improvement Plan and a compliance tariff supplement, which incorporate the Service Area into PAWC’s DSIC tariff.

and information as required by the Commission in the context of a future base rate proceeding. 66 Pa. C.S. §1329; *see Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Final Supplemental Implementation Order entered February 28, 2019) (“*2019 FSIO*”).

18. Code Section 507, 66 Pa. C.S. § 507, requires that contracts between a public utility and a municipal corporation, except for contracts to furnish service at a regular tariffed rate, be filed with the Commission at least 30 days before the effective date of the contract. The Commission acknowledges the contract by issuing a certificate of filing unless it decides to institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract. Should the Commission initiate proceedings, the contract or agreement is not effective until the Commission grants its approval. 66 Pa. C.S. § 507.

19. On July 2, 2024, the Commission issued the *2024 FSIO*, which approved several changes to the Commission’s procedures and guidelines for filings made under Section 1329 of the Code. The *2024 FSIO* modified the Application Filing Checklist with respect to the contents of public hearings and rate impact notifications and developed a reasonableness review ratio (“RRR”) that is intended to guide the Commission in its review of the prudence of the Application.

20. In the *2024 FSIO*, the Commission recognized that APAs and Section 1329 applications were in various stages of negotiation and filing. The APA between PAWC and East Coventry was executed on February 7, 2024, which was well before issuance of the *2024 FSIO*. This Application is updated to be consistent with the *2024 FSIO*, but to the extent there

are aspects of the process leading up to APA execution that differ from the *2024 FSIO* guidelines, the Commission was clear that the *2024 FSIO* should not be applied retroactively.³

Background Financial Information

21. Attached hereto are East Coventry's balance sheet as of December 31, 2024 (**Appendix C**) and PAWC's audited balance sheet as of December 31, 2024 (**Appendix D**).

22. Attached hereto are East Coventry's audited income statement for the 12 months ended December 31, 2024 (**Appendix E**), and PAWC's audited income statement for the 12 months ended December 31, 2024 (**Appendix F**).

23. All the annual reports, tariffs, certificates of public convenience, applications, securities certificates and similar documents filed with this Commission by PAWC, and its predecessors, are made a part hereof by reference.

Terms and Impact of the Transaction

24. As noted above, this Application seeks, among other things, approval of the transfer to PAWC of substantially all of the assets, properties and rights related to the System (other than the Excluded Assets, as defined by the APA) (**Appendix A-24-a**).

25. PAWC and East Coventry are not affiliated with each other.

26. The Transaction is, and was negotiated, at arm's length.

27. Consistent with the *2024 FSIO*, PAWC provided East Coventry with information regarding the potential rate impact of this Transaction on East Coventry's existing customers. East Coventry understands that the Commission may shift rate allocations in a manner that differs from any commitments made in the APA or as part of this Application.

³ See, *2024 FSIO* at 114 ("To be clear, the provisions of this Order are not retroactive").

28. Attached hereto as **Appendix G** is a *pro forma* balance sheet of PAWC as of December 31, 2024, giving effect to the Transaction.

29. Attached hereto as **Appendix H** is a *pro forma* consolidated income statement of PAWC for the 12 months ending December 31, 2024, giving effect to the Transaction.

30. Attached hereto as **Appendix I** is a certificate from the Assistant Secretary of the Board of Directors of PAWC confirming that the Board authorized the execution of the APA and the consummation of the proposed Transaction.

31. Attached hereto as **Appendix J** is a copy of the East Coventry Board of Supervisors' Resolution approving the execution of an asset purchase agreement for the sale of East Coventry's wastewater system assets to PAWC.

32. Attached hereto as **Appendix K** is an estimate of PAWC's revenues and expenses in the Service Area during the first year after closing.

Transaction's Effect on Service and Rates and Other Affirmative Benefits

33. The Transaction is in the public interest, will provide affirmative public benefits of a substantial nature, and satisfies the applicable standard of Code Section 1103, 66 Pa. C.S. § 1103, because the benefits of the Transaction outweigh the detriments for all major stakeholder groups including (a) the public-at-large, (b) East Coventry Township, (c) existing and future customers of the System, (d) PAWC, and (e) existing customers of PAWC.

34. The Transaction will benefit the public-at-large, for the following reasons (among others):

- a. The Transaction promotes the Commission's policy favoring regionalization and consolidation of water and wastewater systems. 52 Pa. Code § 69.721(a).

- b. The Transaction promotes the Legislature’s policy goals when it enacted Section 1329.
- c. The Transaction will address a long-standing failing on-lot disposal system problem in the southeastern corner of the Township (“Park Ford”) resulting in environmental contamination.
- d. Due to its greater financial resources and greater depth of experience in managing wastewater systems, PAWC is in a better position than East Coventry to address existing environmental challenges and to maintain environmental compliance in the future. PAWC has a strong record of complying with applicable environmental statutes and regulations. Improved environmental compliance will promote the rights of all Pennsylvanians, which are protected by the Environmental Rights Amendment. PA. CONST. Art. I, § 27.

35. The Transaction will benefit East Coventry Township for the following reasons

(among others):

- a. The Transaction will address a long-standing failing on-lot disposal system problem in Parker Ford, which the Township has been seeking to remedy for many years.
- b. The Transaction will result in the elimination of all East Coventry debt relating to the System (approximately \$6.2 million), which will save thousands of dollars in interest payments. After closing on the Transaction (“Closing”), the Township will use the proceeds to stabilize their financial situation (i.e., eliminate existing debt) while also focusing on other core government services.
- c. Current employees of East Coventry in the operation of the system will be offered employment, subject to PAWC’s hiring policies and procedures. In addition, current employees of East Coventry will benefit from PAWC's employee safety program, which has an excellent safety record.
- d. The Township will receive additional tax revenues because the System will be subject to tax after Closing. In addition, PAWC will improve the System, which will promote economic development in the area, further enhancing tax revenues to the Township.
- e. PAWC will relieve the Township of the burdens associated with maintaining and upgrading the infrastructure. This transition will ensure that the system is managed by experienced professionals focused on

compliance and reliability, allowing the Township to allocate resources more effectively and ultimately benefit residents through improved service and reduced costs.

36. The Transaction will benefit the existing and future customers of East Coventry

for the following reasons (among others):

- a. The existing System customers are members of the public-at-large and so will enjoy the same benefits from the Transaction as all other members of the public-at-large.
- b. The Transaction will address a long-standing failing on-lot disposal system problem in Parker Ford by providing public wastewater service to these residents instead.
- c. The transaction will minimize rate increases for current and future customers of the System associated with the buildout of public wastewater service to the Parker Ford area. PAWC can execute the buildout project more efficiently and cost-effectively than the Township.
- d. System customers will become part of a large PAWC customer base. As a standalone system, System customers have to bear the burden of the System's capital improvement needs on their own. As part of a larger customer base, System customers will benefit at times but also be required to contribute to benefit other customers at times. The sharing of costs over an extended period of time is a benefit of regionalization and consolidation of wastewater systems in the Commonwealth.
- e. Customers will receive service from a large, financially, legally and technically fit public utility. The System will be able to draw on the statewide resources of PAWC. This includes approximately 1,150 professionals with expertise in all areas of water and wastewater utility operations. In addition, since PAWC is a subsidiary of American Water Works Company, Inc., it has access to additional resources of highly trained professionals who have expertise in various specialized areas. Finally, PAWC has access to equity and other funding sources to which the System does not currently have access (such as a \$400 million line of credit through American Water Capital Corp.).
- f. Customers will receive service from a public utility, subject to the regulatory oversight of the Commission. Customers will now be able to receive assistance from the Office of Consumer Advocate, the Office

of Small Business Advocate, and the Bureau of Investigation and Enforcement with service and rate issues.

- g. PAWC has more robust cybersecurity, physical security, business continuity and emergency plans than East Coventry.
- h. Customers can make service calls to PAWC's customer call centers at extended hours. Specifically, customers will have access to PAWC's field service crews, who are on-call and available for emergency fieldwork (main breaks, emergency shut-offs, and emergency turn-ons) 24/7/365 outside of the normal work hours.
- i. PAWC has comprehensive customer assistance programs and customer education programs.
- j. Customers will have access to PAWC's customer assistance program, "H2O Help to Others Program," which offers wastewater assistance through grants up to \$500 per year, tiered discounts, and arrearage forgiveness based on the Federal Poverty Level. PAWC also provides payment arrangements and budget billing for eligible customers. In comparison, East Coventry has no low-income customer service assistance or income-based repayment options.
- k. PAWC empowers customers with a variety of convenient bill payment options to suit their preferences: paper bills via mail or electronically via the "My H2O" online portal.
- l. PAWC must comply with the Commission's regulations at 52 Pa. Code Chapter 56, whereas the System is not subject to these regulations.
- m. The System's existing customers will enjoy the economies of scale that come from PAWC's greater size and purchasing power, including its ability to obtain goods and services at lower costs because it buys in large quantities.
- n. Approximately 71% of East Coventry sewer customers are already PAWC water customers and would receive a single water and wastewater bill after Closing.
- o. The Transaction will have no immediate rate impact on East Coventry's customers because PAWC will adopt East Coventry's rates upon Closing and bill on a monthly basis.

37. The Transaction will benefit PAWC for the following reasons (among others):

- a. The East Coventry service territory is located only a few miles from PAWC's Royersford Wastewater Treatment Plant. Accordingly, this Transaction creates several regionalization and consolidation benefits, including better coordination of construction projects and more efficient repairs.

38. The Transaction will benefit the existing wastewater customers of PAWC for the following reasons (among others):

- a. PAWC's existing wastewater customers are members of the public-at-large, and so will enjoy the same benefits from the Transaction as all other members of the public-at-large.
- b. The Transaction will have no immediate rate impact on PAWC's existing wastewater customers; any impacts on the rates of PAWC's existing customers would occur only upon Commission approval as part of a base rate proceeding.
- c. The Transaction will add 1,235 EDUs to PAWC's existing wastewater customer base. In the long term, this will benefit existing wastewater customers by spreading the costs of the System among a larger number of customers, allowing all customers to share future infrastructure and other expenses, which permits rates for all customers to remain just and reasonable over time. It also promotes rate stability because customers in any particular wastewater system are unlikely to experience sharp rate spikes when their individual system requires extensive capital investments.

39. The Transaction will benefit the existing water customers of PAWC for the following reasons (among others):

- a. The existing water customers of PAWC are members of the public-at-large, and so will enjoy the same benefits from the Transaction as all other members of the public-at-large.
- b. The Transaction will have no immediate rate impact on PAWC's existing water customers.
- c. In the long term, the Transaction will have no impact at all on the rates of PAWC's existing water customers unless, in a future rate case, the Commission determines that an allocation of PAWC's wastewater requirement to water customers is in the public interest.

B. THE RIGHTS OF PAWC TO OFFER OR FURNISH WASTEWATER SERVICE TO THE PUBLIC IN THE TOWNSHIP OF EAST COVENTRY IN CHESTER COUNTY, PENNSYLVANIA

40. The System furnishes wastewater service to approximately 1,235 equivalent dwelling units or 966 customer connections.

41. PAWC's applied-for service territory is shown on the maps in **Appendix A-16-a through A-16-f (Appendix A-16-f is CONFIDENTIAL)** and is further described in that appendix. The applied-for Service Area includes the Parker Ford area consistent with the Act 537 Special Study for the Township.

42. No corporation, partnership or individual other than East Coventry is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by PAWC in the territory covered by this Application, and no competitive condition will be created. As part of this Application, PAWC has requested approval to acquire, by purchase, substantially all of the assets, properties and rights related to the wastewater treatment plant and collection system (other than the Excluded Assets, as set forth in the APA). Upon closing of the Transaction, East Coventry will permanently discontinue all wastewater service to the public.

C. FAIR MARKET VALUATION UNDER CODE SECTION 1329

43. **Appendix A** and related Application Filing Checklist appendices satisfy the filing requirements of Code Section 1329, the *2019 FSIO*, the *2024 FSIO*, and the Application Filing Checklist. The Section 1329 appendices correspond directly with the numbered requirements of the Application Filing Checklist (*e.g.*, **Appendix A-1** (Requirement No. 1), **Appendix A-2** (Requirement No. 2), etc.).

44. The fair market valuation reports of the seller's and buyer's UVEs are contained in **Appendix A-5** (with electronic working documents included at **Appendix A-4** as **Appendix A-4.2 (Weinert Appraisal and Depreciation Service, LLC) (CONFIDENTIAL)** and **Appendix A-4.3 (Gannett Fleming Valuation and Rate Consultants, LLC) (CONFIDENTIAL)**. Buyer's UVE's written direct testimony in support of its report is set forth in **Appendix A-14-b**.⁴

45. PAWC's other written direct testimony in support of this Application can be found in **Appendix A-14-a**.

46. As PAWC has followed the requirements of Section 1329, the *2019 FSIO*, the *2024 FSIO*, and the Application Filing Checklist, PAWC should be permitted to: (a) use for ratemaking purposes the lesser of the fair market value or the negotiated purchase price of the assets related to the System; (b) collect a DSIC related to the Service Area prior to the first base rate case in which the Service Area plant-in-service is incorporated into rate base, (c) accrue AFUDC for post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes; (d) defer depreciation related to post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes; and, (e) include, in its next base rate case, a claim for transaction and closing costs related to the acquisition.

47. PAWC requests to record the acquisition on a net basis consistent with generally accepted accounting principles, which advise that property, plant and equipment acquired in a business combination intended to be held and used should be recognized and measured at

⁴ PAWC is submitting direct testimony of East Coventry's UVE, and two other pieces, Ray Kolb, Supervisor for the Township, and Bill Bohner, the Township's Engineer. These two pieces of Direct Testimony are being submitted as directed by the *2019 FSIO*. PAWC's submission of this testimony should not be considered support for or sponsorship of such testimony. PAWC anticipates that East Coventry will intervene in this matter and will sponsor its respective direct testimony and exhibits. PAWC reserves its right to submit rebuttal testimony regarding the testimony of East Coventry as appropriate.

fair value, and that the accumulated depreciation of the acquiree is not carried forward in a business combination (*i.e.*, net presentation).

D. FILING OF CONTRACTS PURSUANT TO CODE SECTION 507

48. The APA, because it is between PAWC and a municipal corporation, is required to be filed with the Commission under 66 Pa. C.S. § 507. The APA is attached hereto as **Appendix A-24-a**. In addition, the Development Agreement and the NCMA Agreement, which are attached hereto as **Appendix A-25-a and Appendix A-25-b**, are required to be filed at the Commission under 66 Pa. C.S. § 507. The Development Agreement addresses the terms and conditions for development of a residential community within the Township. The Development Agreement addresses responsibilities for the Township as well as the developer related to the planning and construction of roadways, stormwater facilities, sanitary sewer facilities, water facilities, vegetation and other improvements. At Closing, PAWC will accept a partial assignment of the Township's rights and obligations under the Development Agreement related to the applicable sanitary sewer assets. The Township will remain a party to the Development Agreement and retain all its rights and obligations other than those with respect to sanitary sewer assets transferred to PAWC.

49. This NCMA Agreement sets forth the terms and conditions through which wastewater from within the Township is conveyed to NCMA for treatment.. This agreement establishes how payments are made from the Township to NCMA.PAWC requests that the Commission approve the assignment of the Township's interests in the NCMA Agreement to PAWC, in order to ensure the customers currently served by the Township maintain access to NCMA's treatment facilities. The basis for the assignment is addressed in PAWC Statement No. 1 at **Appendix A-14-a**. As set forth therein, PAWC believes the assignment is appropriate and in the public interest. However, as an alternative, PAWC is also filing the Conveyance and Allocation Agreement. The

Conveyance and Allocation Agreement, which is attached hereto as **Appendix A-25-c**, establishes terms for payments to be made from PAWC to the Township based on the billing framework in the NCMA Agreement. Execution of this pro forma agreement would allow the Township to remain a party to the NCMA Agreement, thus obviating the necessity for assignment of the latter. Commission approval of the NCMA Agreement (as assigned to PAWC) or the Conveyance and Allocation Agreement, is necessary for PAWC to provide wastewater service as the Township has previously done. Approval is reasonable and serves an important public purpose because the service provided under the contract is essential to the provision of wastewater service in this community.

50. Accordingly, the Commission should issue Certificates of Filing or otherwise approve the Section 507 Agreements under 66 Pa. C.S. § 507.

E. NOTICE

51. As evidenced by the Certificate of Service accompanying this Application, PAWC is serving copies of this filing electronically by emailing a One Drive link to the Office of Consumer Advocate, the Office of Small Business Advocate, and the Commission’s Bureau of Investigation and Enforcement. Once the Application is reviewed and conditionally accepted by Commission Staff, PAWC will serve copies of the Application upon the municipal entities required to be provided with copies by the Commission’s regulations at 52 Pa. Code § 3.501(f) and by the Application Filing Checklist and upon the Pennsylvania Department of Environmental Protection (“DEP”) Central Office and Southeast Regional Office. Similarly, notice will be published in local newspapers of general circulation.

52. Upon receiving conditional acceptance of this filing by the Commission, PAWC will provide individual notice to its customers by bill insert or bill onsert and to East Coventry’s customers by direct mail, in compliance with the *2019 FSIO* and *2024 FSIO*.

PAWC will verify to the Commission when individual notice to affected customers has been completed and ask that the filing be finally accepted.

53. Upon final acceptance of this filing, PAWC respectfully requests that the Commission publish notice of this filing in the Pennsylvania Bulletin as soon as possible, with a reasonable deadline for the filing of protests, interventions, etc. in this proceeding.

F. CONCLUSION AND REQUEST FOR RELIEF

WHEREFORE, Pennsylvania-American Water Company respectfully requests that the Pennsylvania Public Utility Commission approve the Application and order that:

(a) such Certificates of Public Convenience be issued as necessary to evidence its approval under 66 Pa. C.S. § 1102(a) of (i) the transfer, by sale, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by East Coventry Township to Pennsylvania-American Water Company, and (ii) the right of Pennsylvania-American Water Company to begin to offer, render, furnish and supply wastewater service in East Coventry Township as described herein;

(b) the *pro forma* tariff supplement attached hereto as **Appendix A-12**, including all rates, rules and regulations regarding conditions of Pennsylvania-American Water Company's wastewater service as revised herein, be permitted to become effective immediately upon closing of the Transaction;

(c) pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to use for ratemaking purposes the lesser of the fair market value or the negotiated purchase price of the assets of the System;

(d) pursuant to 66 Pa. C.S. § 1702, Pennsylvania-American Water Company be permitted to record the acquisition at the net value of the assets;

(e) pursuant to 66 Pa. C.S. 1329, Pennsylvania-American Water Company be permitted to collect a distribution system improvement charge prior to the first base rate case in which the Service Area plant-in-service is incorporated into rate base;

(f) pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge for book and ratemaking purposes;

(g) pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to defer depreciation related to post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes;

(h) pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to include, in its next base rate case, a claim for transaction and closing costs associated with the acquisition of the System;

(i) pursuant to 66 Pa. C.S. § 507, a Certificate of Filing or approvals be issued for the following agreements between Pennsylvania-American Water Company and a municipal corporation:

- i. Asset Purchase Agreement dated February 7, 2024, by and between the East Coventry Township and Pennsylvania-American Water Company (attached hereto as **Appendix A-24-a**); and
- ii. Land Development and Financial Security Agreement dated December 13, 2024, by and between East Coventry Township

and Frickslock Ventures LLC (attached hereto as **Appendix A-25-a**); and

- iii. Agreement dated January 27, 2004, by and between North Coventry Municipal Authority, North Coventry Township, and East Coventry Township (attached hereto as **Appendix A-25-b**); or, in the alternative
- iv. *Pro Forma* Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company (attached hereto as **Appendix A-25-c**); and

(j) any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application be issued in a lawful manner.

Respectfully submitted,



Teresa K. Harrold, Esquire (PA ID #311082)
Pennsylvania-American Water Company
852 Wesley Drive, Mechanicsburg, PA 17055
Phone: (717) 550-1562
Email: teresa.harrold@amwater.com

Adeolu A. Bakare, Esquire (PA ID #208541)
McNees Wallace & Nurick LLC
100 Pine Street, Harrisburg, PA 17101
Phone: 717-237-5290
Email: abakare@mcneeslaw.com

Dated: January 12, 2026

Attorneys for Pennsylvania-American Water Company

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

2. Verification form that is signed by an officer or authorized employee of the company, is dated, and accurately references the case.

RESPONSE: See enclosed verification form at **Appendix A-2** that is signed by Marcus Kohl, Director of Business Development, Pennsylvania-American Water Company.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S.§§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania

Docket No. A-2025-3053487

In re: Application of Pennsylvania-American Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the wastewater system owned and operated by the East Coventry Township

Docket No. A-2025-_____

In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater system owned and operated by the Township of East Coventry, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, (iii) for book and ratemaking purposes, defer depreciation related to post-acquisition improvements not recovered through the distribution system improvement charge, and (iv) include, in its next base rate case, a claim for transaction and closing costs

Docket No. P-2025-_____

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement by and between East Coventry Township and Pennsylvania-American Water Company, and (ii) the *Pro Forma* Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company

Docket Nos. U-2025-_____,
et al.

VERIFICATION

I, Marcus Kohl, Director, Business Development, Pennsylvania-American Water Company, state that the facts set forth above 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).

Date: January 12, 2025



Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company

**PENNSYLVANIA-AMERICAN WATER COMPANYS
Wastewater Division
(hereinafter referred to as the “Company”)
D/B/A
Pennsylvania American Water**

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHINGS OF

WASTEWATER COLLECTION AND DISPOSAL SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED IN:

ADAMS COUNTY, ALLEGHENY COUNTY, BEAVER COUNTY, BERKS COUNTY,
BUTLER COUNTY, CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY,
LACKAWANNA COUNTY, LANCASTER COUNTY, LUZERNE COUNTY, MCKEAN COUNTY,
MONROE COUNTY, MONTGOMERY COUNTY, NORTHUMBERLAND COUNTY,
PIKE COUNTY, WASHINGTON COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued:

Effective:

Issued by:
Justin Ladner, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

<https://www.amwater.com/paaw/>

NOTICE

**This Tariff authorizes Pennsylvania American Water Company to furnish wastewater services to the public in the service area formerly served by East Coventry Township, portions of East Coventry Township, Chester County, Pennsylvania.
(Refer to pages 2, 4, 9, and 11.10)**

PENNSYLVANIA-AMERICAN WATER COMPANY

LIST OF CHANGES

This Tariff supplement authorizes Pennsylvania American Water Company – Wastewater Division to begin to offer or furnish wastewater services to the public in portions of East Coventry Township, Chester County, Pennsylvania, as ordered by the Pennsylvania Public Utility Commission at Docket No. A-2025-3053487 entered XXXXX

PENNSYLVANIA-AMERICAN WATER COMPANY

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(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

TERRITORIES SERVED (CONT'D)

**(By State Region and Company Wastewater System District)
(All territories are subject to Rate Zone 1 unless otherwise noted)**

Southeastern Pennsylvania

Coatesville District

Chester County. The City of Coatesville, the Borough of Parkesburg and portions of the Borough of South Coatesville and portions of the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury.

Lancaster County. Portions of Sadsbury Township (Rate Zone 1e).

East Coventry District

Chester County. A Portion of East Coventry Township. (Rate Zone XX).

(C)

Exeter Sewer District

Berks County. Portions of the Townships of Exeter, Alsace and Lower Alsace (and related points of bulk service interconnection).

Royersford District – Rate Zone 1a

Montgomery County. Royersford Borough and portions of Upper Providence Township.

Upper Pottsgrove District

Montgomery County. Portions of Upper Pottsgrove Township.

Berks County. A portion of Douglass Township.

Western Pennsylvania

Butler District – Rate Zone 1d

Butler County. City of Butler, portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland and Summit.

Clarion District

Clarion County. Clarion Borough and portions of the Townships of Clarion and Monroe and Farmington (Rate Zone 1f).

Claysville District

Washington County. Claysville Borough and portions of the Townships of Donegal.

Kane District – Rate Zone 2

McKean County. Kane Borough and portions of Wetmore Township.

Koppel District

Beaver County. Koppel Borough.

McKeesport District – Rate Zone 2

Allegheny County. The City of McKeesport, the City of Duquesne, Port Vue Borough, the Borough of Dravosburg, and a portion of West Mifflin Borough (and related points of bulk service interconnection).

Paint-Elk District

Clarion County. Shipperville Borough and portions of the Townships of Elk and Paint.

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE XX – UNMETERED

(C)

APPLICABILITY

The rates under this schedule apply in the East Coventry service area (formerly served by East Coventry Township) for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in all Customer Classes.

UNMETERED CHARGES - A Flat Rate per EDU, per month shall be billed to each customer.

Flat rate per month, per EDU: \$68.33

(C) means Change

Issued:

Effective Date:

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water :
Company under Sections 1102(a) and 1329 of the :
Pennsylvania Public Utility Code, 66 Pa C.S. :
§§ 1102(a)and 1329, for approval of (1) the transfer, by :
sale, to Pennsylvania-American Water Company, of :
substantially all of the assets, properties and rights related : Docket No. A-2025-3053487, *et al.*
to the wastewater system owned and operated by East :
Coventry Township, and (2) the rights of Pennsylvania- :
American Water Company to begin to offer or furnish :
wastewater service to the public in the Township of East :
Coventry, Chester County, Pennsylvania :
:

**DIRECT TESTIMONY OF
RAY KOLB ON BEHALF OF
EAST COVENTRY TOWNSHIP**

Date: October 8, 2025

East Coventry Statement No. 1

**DIRECT TESTIMONY OF
RAY KOLB**

I. INTRODUCTION

1. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD

My name is Ray A. Kolb, and my business address is 855 Ellis Woods Road, Pottstown, PA 19465.

2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

I am testifying on behalf of East Coventry Township (“East Coventry” or “Township”), and in cooperation with Pennsylvania-American Water Company’s (“PAWC”) to support its application to purchase the Township’s wastewater collection and conveyance system (the “System”).

3. IN WHAT CAPACITY ARE YOU AFFILIATED WITH EAST COVENTRY TOWNSHIP?

I served as a Township Supervisor for the Township for eighteen years, beginning in 2007. I recently completed my final term as Supervisor in early January 2026. Pursuant to the Second Class Township Code, my duties as Township Supervisor included exercising legislative, executive, and administrative authority to ensure sound fiscal management and to protect the health, safety, and welfare of residents of the Township.

4. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR WORK EXPERIENCE.

I have a long history in public works and municipal governance. I am a licensed Sanitary Sewer Operator and spent roughly twenty years in the role of Sewer Operator for the Township. I was

personally responsible for operating and overseeing the provision of public sewer service in the Township between the System's construction in 2005 and my retirement in February 2025. Over the two decades I acted as Sewer Operator, I gained deep knowledge of every aspect of the Township's System, including the construction and creation of the System, operation and maintenance of the System, and various legal and regulatory considerations. Furthermore, I am a lifelong resident of the Township and an active ratepayer for the System. As such, I share and understand the perspective of residents who receive public sewer services from the Township.

In addition, I have long been actively engaged in a variety of municipal leadership roles. As stated above, I have continuously served as a Township Supervisor on the Board of Supervisors of the Township since I was first elected in 2007. I serve on a number of Township subcommittees, including the Open Space Committee and the Fricks Lock Committee. In addition, since 1999 I have been a member of the Delchester Public Works Association, a nonprofit organization comprised of municipal officials in Delaware and Chester Counties that is dedicated to improving public works services by promoting innovation in technology and infrastructure.

In addition to my work as a Township Supervisor and public works employee, I have been a volunteer with the Ridge Fire Company since 1977. I am currently the President and Deputy Chief of the Ridge Fire Company. I also have been a member of the Northern Chester County Chiefs Association since 1990.

5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION?

No, I have not previously testified before the Pennsylvania Public Utility Commission.

6. PLEASE DESCRIBE THE PURPOSES OF YOUR DIRECT TESTIMONY AND SUMMARIZE THE KEY POINTS IT WILL ADDRESS.

The purpose of my testimony is to provide: (1) a description of the System which is proposed to be sold to PAWC (the “Proposed Transaction”) pursuant to an Asset Purchase Agreement executed in 2024 (“APA”) ; (2) a description of the anticipated benefits of the Proposed Transaction; and (3) a description of how the Township sets its annual rates.

The most important benefit of the Proposed Transaction is facilitating a much-needed expansion of the System to provide public sewer service to an area of the Township that has been designated as a “needs area” for over twenty years. This project is complex and costly, and a sale of the System is the most cost-effective way to complete it from the perspective of the Township.. Furthermore, PAWC has a history of providing stellar service to its customers, and is in a superior financial position to operate and maintain the System for years to come, especially in light of increasingly stringent and complicated regulatory requirements. In addition, the Proposed Transaction will also allow the Township to resolve over \$6 million in debt—much of which is related to the System—and come away from the transaction with excess cash for future use to the benefit of the Township’s residents.

II. DESCRIPTION OF THE TOWNSHIP AND ITS WASTEWATER SYSTEM

7. PLEASE PROVIDE A GENERAL OVERVIEW OF THE TOWNSHIP.

East Coventry is a Township of the Second Class located in Chester County, Pennsylvania. The Township is governed by a five-member Board of Supervisors, each of whom serves a six-year term. The Township covers an area of approximately 10.1 square miles and has a population of approximately 7,365 residents.

East Coventry shares a border with North Coventry Township, South Coventry Township, and East Vincent Township (all of which are in Chester County), as well as Lower Pottsgrove Township and Limerick Township (both located in Montgomery County).

8. PLEASE PROVIDE A DESCRIPTION OF THE TOWNSHIP'S WASTEWATER SYSTEM.

The Township owns and operates a wastewater collection and conveyance system, primarily serving the northwest corner of the Township. Approximately 1,235 equivalent dwelling units ("EDUs") are currently connected to the System. The majority of the sewer system was constructed between 2004 and 2005. The remainder of the system was constructed over the years as the Township continued to grow through various development efforts.

The system consists of approximately 10.5 miles of gravity sewer collection mains and interceptors ranging from eight (8) to fifteen (15) inches and approximately 0.5 miles of low-pressure collection mains in sizes ranging from 1.5 to 3 inches. There are five (5) dedicated pump stations located within the Township, and approximately 2.6 miles of force mains, sized three (3) to eight (8) inches.

Sewage flows from the Township are conveyed to North Coventry Township via the force main from Pump Station #1. Flows are ultimately treated at the North Coventry Municipal Authority Wastewater Treatment Plant.

9. ARE AGREEMENTS IN PLACE RELATED TO THE ONGOING TREATMENT OF EAST COVENTRY'S WASTEWATER AT THE EXISTING NORTH COVENTRY TOWNSHIP-OWNED TREATMENT PLANT?

Yes, an agreement was executed on January 27, 2004, and remains in place among North Coventry Municipal Authority (the "NCMA"), East Coventry and North Coventry Township (the "NCMA Agreement") that establishes capacity for East Coventry and North Coventry, respectively, and how treatment costs will be shared between East Coventry and NCMA.

The NCMA Agreement imposes a condition on East Coventry's assignment and transfer of its rights and duties, namely, that East Coventry must obtain NCMA's consent prior to any assignment. To date NCMA, has refused to consent to East Coventry's assignment of the NCMA Agreement to PAWC and declined to negotiate with East Coventry in good faith. Unfortunately, as a result of NCMA's unreasonable refusal to consent to the assignment and/or negotiate in good faith, East Coventry had no choice but to initiate litigation against NCMA and North Coventry.

It is my understanding that the East Coventry may assign the NCMA Agreement to PAWC without NCMA's consent because (1) the condition on assignment imposed by the Agreement is directly contrary to public policy barring permanent restraints on alienation (i.e. East Coventry's ability to dispose of its own assets), and (2) NCMA's refusal to act in good faith violates the implied covenant of good faith and fair dealing. With respect to the public policy against alienation, per counsel, Pennsylvania courts have determined that in addition to cases involving real property, perpetual restrictions on an owner's ability to dispose of *personal* property are contrary to fundamental property rights. Therefore, it is likely that the provision in the NCMA Agreement requiring East Coventry to obtain consent from NCMA before assigning its rights under the Agreement is unenforceable and will be severed from the Agreement. The factual and legal bases supporting East Coventry's position regarding alienation and NCMA's refusal to act in good faith will be more fully supported by counsel in briefs filed in this proceeding as well as the ongoing litigation filed by East Coventry against NCMA and North Coventry Township before the Chester County Court of Common Pleas at Docket No. 2024-05838-MJ.

Accordingly, PAWC requests approval of the NCMA Agreement as the successor in interest to East Coventry thereunder. The NCMA Agreement is included with the Application at **Appendix A-25-b**. To the extent the Commission or the Court of Common Pleas determines that the NCMA provision imposing conditions on East Coventry's ability to assign its rights to PAWC is not contrary to public policy and is therefore enforceable, then PAWC will execute a Conveyance and Allocation Agreement that conveys substantially all of East Coventry's obligations and liabilities under the NCMA Agreement from East Coventry to PAWC. This agreement establishes how payments will be made from PAWC to East Coventry while preserving the NCMA Agreement between East Coventry and NCMA. The Conveyance and Allocation Agreement is included with the Application at **Appendix A-25-c**.

III. SALE PROCESS

10. PLEASE DESCRIBE THE CITY'S DECISION-MAKING PROCESS IN CONCLUDING THAT A SALE OF THE ACQUIRED ASSETS IS IN THE BEST INTEREST OF THE TOWNSHIP.

The decision to pursue the sale of the System was the result of extensive deliberation with elected officials in the Township, our Township Engineer, our financial advisor, and the public.

In or around 2016, the Township's request to conduct a special study pursuant to Act 537 ("Special Study") was approved by the Pennsylvania Department of Environmental Protection ("DEP"). The stated purpose of the Special Study was to address the requirements necessary to implement public sewer service to an area of the Township called Parker Ford. Parker Ford had in previous Act 537 planning been designated as a "needs area," and the Township has long contemplated how and when to expand its System to provide service to the area. The Special Study was prepared by the Township Engineer, ARRO Consulting, Inc. ("ARRO"). In

or around 2021, ARRO concluded that the expansion project is necessary and estimated the project to cost approximately \$27 million.

Between July 2022 and January 2023, based in large part on the findings set out in the Special Study, the Township explored a potential sale of the System. The decision to explore a sale was made after thorough internal deliberation within the Board of Supervisors and with ARRO. The driving force behind the Board of Supervisors' decision to explore a sale of the System was to find the most efficient and cost-effective way to facilitate an expansion of the System to provide service to residents of the Parker Ford area. During this time, the Township hired PFM Financial Advisors LLC ("PFM"), a financial advising and consulting firm, to perform a valuation and financial analysis of the Township's options. The Township then issued Requests for Qualifications to select a pool of utilities qualified to purchase the System.

In February 2023, the Township issued a Request for Bids to three qualified utilities. In April 2023, the Township received two bids, one from each of PAWC and Aqua Pennsylvania Wastewater, Inc. ("Aqua"). At a public meeting in July 2023, a summary of the bids was presented by PFM to the Board of Supervisors. The Board voted to select PAWC as the preferred bidder if the Township ultimately chose to sell the System. On September 11, 2023, the Board of Supervisors held another public meeting where it unanimously approved the sale of the System to PAWC finding it was in the best interest of, and provided the greatest value to, the Township and its residents. Each of these public meetings were properly advertised.

On February 7, 2024, the Township and PAWC executed the APA.

11. HAS THE SPECIAL ACT 537 STUDY BEEN APPROVED BY DEP?

The Special Act 537 Study has been submitted to DEP and is awaiting approval.

Although the Special Study was essentially complete in 2021, the Township was unable to secure final approval from DEP at that time. The Township Engineer submitted the Special Study to DEP on August 27, 2021. DEP confirmed receipt of the Special Study on August 30, 2021. On January 14, 2022, after reviewing the Special Study, DEP sent a set of Review Comments back to the Township, to which the Township was required to respond before the Special Study could be approved.

The Township prepared responses to the Review Comments but was unable to finalize and submit the responses, because North Coventry Township did not submit confirmation—as requested from DEP—that it reviewed the Special Study and found it consistent with the existing intermunicipal agreement and/or would officially adopt the Special Study. As described in the testimony of Township Engineer Bill Bohner (East Coventry Statement No. 2), the primary recommendation offered in the Special Study was that East Coventry Township should construct a new collection and conveyance system, with the wastewater being conveyed to the North Coventry Wastewater Treatment Plant (“NCWTP”). Notably, as described above, East Coventry already directs wastewater from the System for treatment at NCWTP.

Shortly after North Coventry Township declined to provide its confirmation in response to DEP’s Review Comments, East Coventry Township decided to explore other options for constructing the Parker Ford expansion. Among the options considered was a sale of the System, which ultimately culminated in the APA, PAWC’s application, and this testimony.

On Friday, July 18, 2025, in accordance with guidance from DEP—namely that East Coventry Township may resubmit the special study because North Coventry Township was given and declined an opportunity to respond—the Township submitted its Special Study Response to

the Review Comments to DEP. The Township is currently awaiting final approval of the Special 537 Study from DEP.

12. DID THE TOWNSHIP REQUEST PUBLIC INPUT ON THE SALE?

Yes, multiple public meetings were held in the Township to receive input from residents on the state of the System and the pros and cons of a potential sale.

The Board of Supervisors discussed the potential for a sale of the System during six regularly scheduled public meetings: July 11, 2022, January 9, 2023, February 13, 2023, July 10, 2023, August 14, 2023, and September 11, 2023. Detailed information regarding the potential sale of the System, and the Board of Supervisor's process in arriving at a decision, was conveyed to the public during these meetings. The Board provided the public time to ask questions and give input during these meetings.

For example, during the July 10, 2023 meeting, the Board of Supervisors discussed the bids submitted by PAWC and Aqua. The Board provided a PowerPoint presentation regarding the Township's exploration of a potential sale of the System, which explained that the Township was exploring a sale due to, among other things, the high cost of a project to connect dwellings in the Parker Ford area to the System, and the Township's desire to ensure that the project is done in the most beneficial way for its residents. The presentation also provided detailed information about alternative options for providing public sewer service to Parker Ford, various benefits arising from a sale of the System, and the bids and rate projections submitted by both PAWC and Aqua.

During the Board's public meetings, where the potential sale of the System was discussed, the Township received minimal public feedback about the sale. Approximately twenty members

of the public offered comments during the public meetings. The comments offered by members of the public included questions from residents in Parker Ford who were interested in connecting to public sewer regarding when public service will be available; comments from residents in Parker Ford who were not interested in connecting; and comments from residents concerned about paying higher rates. The comments were raised by residents outside of the Township's public sewer area, in addition to residents within the service area. Most members of the public appeared satisfied with the rationale provided by the Township for selling the System.

13. DID THE BOARD OF SUPERVISORS HOLD A VOTE AT A REGULARLY SCHEDULED PUBLIC MEETING ON THE SALE, FOLLOWING INPUT FROM TOWNSHIP RESIDENTS?

Yes. During a regularly scheduled public meeting on September 11, 2023, the Board of Supervisors determined that a sale of the System was in the best interests of the Township and the customers of the System, and voted to enact Ordinance No. 2023-265 authorizing the Township to enter into an asset purchase agreement with PAWC for the sale of the Township's sewer system.

The Township provided notice to its residents by publication in the Pottstown Mercury on September 3, 2023, in addition to concurrent posts on the Township website. In accordance with the Second Class County Code the notice—published eight (8) days prior to the vote to enact the ordinance on September 11—summarized the ordinance and stated that the full text of the proposed ordinance is available for examination at the offices of the Pottstown Mercury, the Chester County Law Library, and the East Coventry Township Building.

14. PLEASE DESCRIBE THE TOWNSHIP’S SELECTION OF A UTILITY VALUATION EXPERT (“UVE”) FOR THE PROPOSED TRANSACTION

Ordinance No. 2023-265, which authorized the Township to enter into the APA with PAWC, authorized the Township to “take all actions necessary to facilitate the Purchase Agreement,” which includes hiring a UVE as explained in Section 7.11 of the APA.

On May 13, 2024, during Executive Session, the Board of Supervisors selected Gannett Fleming as its UVE after reviewing and discussing the firm’s credentials. Gannett Fleming was at the time of their selection, and currently remains, on the PUC’s list of approved appraisers. Gannett Fleming is not otherwise affiliated with the Township.

IV. BENEFITS OF THE PROPOSED TRANSACTION

15. PLEASE DESCRIBE THE BENEFITS OF THE PROPOSED TRANSACTION FOR THE TOWNSHIP.

The Township will benefit from the Proposed Transaction in many ways. As an initial matter, the Proposed Transaction will result in the Township’s System being operated by a professional, well-funded public utility with a long history of providing excellent service to residents throughout Pennsylvania. Furthermore, the Proposed Transaction will benefit the Township by (1) facilitating an expansion of the System—in the most productive and cost-effective manner for our residents—to provide public sewer service to an area of our community that has been designated as a “needs area” in Act 537 studies for decades; (2) improving the long-term health and efficacy of the System; and (3) generally improving the financial outlook of the Township.

The primary and motivating factor for the Proposed Transaction is to clear a path to expand service to the Parker Ford area. As far back as 1997, the Township and the DEP have known

that sooner or later, the System would need to be expanded to accommodate public sewer service in the Parker Ford area. As described in detail in the testimony of Township Engineer Bill Bohner (East Coventry Statement No. 2), the Parker Ford area, which is generally a lower income area within the Township, is comprised solely of on-lot disposal systems. The most recent Act 537 Special Study confirms that for a variety of public health and safety related reasons, the time has come to connect roughly 454 homes in that area to the System. *See* East Coventry Statement No. 2 at 5-8.

Our Township Engineer calculated an updated cost estimate for the entire Parker Ford project in June 2025. The project is estimated to cost \$26,790,274. This estimate includes (1) construction costs for installing collection systems in three phases, and a pump station and force main, totaling roughly \$21.4 million; and (2) engineering, legal and administrative costs totaling roughly \$5.3 million.

If the Township is prevented from consummating the Proposed Transaction, it will be required to fund the \$27 million expansion project itself. There are several ways the Township could fund the project. First, the Township could raise the sewer rates for all residents receiving services from the System (including the roughly 1,100 residents currently connected to the System) to account for the cost of adding the Parker Ford EDUs. In this scenario, the Township's financial advisor estimates that the current rate of \$68.33 will increase steadily over time, reaching \$128.66 per month in 2030, and culminating in an estimated rate of \$152.00 per month in 2035.

Second, the Township could impose the costs of the expansion project solely on the residents of the Parker Ford area. In this scenario, the Township would still be required to increase rates for customers outside of the planned Parker Ford service area, albeit to a lesser degree.

However, because the Parker Ford residents would be bearing the full cost of the project in this scenario, their financial obligations would increase dramatically. Specifically, Parker Ford residents would be required to pay either (1) approximately \$65,000 upfront, or (2) a monthly bill that would increase sharply over time from \$68.33 today to \$177.33 in 2029, culminating in an estimated rate of \$409 in 2035. Stated differently, the monthly bill of Parker Ford residents would be six times higher after ten years.

Third, the Township could also issue a general obligation bond; however, doing so would require *all* taxpayers in the Township to shoulder the burden of the expansion project, including those residents who utilize on-lot disposal systems, which is nearly half of the Township residents. This funding option would also add to the Township's considerable existing debt.

In contrast, the Proposed Transaction will allow PAWC to execute the Parker Ford expansion project in a way that minimizes additional costs for the residents of East Coventry Township.

Thus, in short, the Proposed Transaction enables the most cost-effective way for its residents to facilitate an expansion of the System that is necessary for public health and safety.

16. WHY WOULD THE PROPOSED TRANSACTION BE A MORE AFFORDABLE SOLUTION FOR EXPANDING THE SYSTEM?

As opposed to imposing the cost of the roughly \$27 million project on some or all residents of the Township (whether by a rate increase or the issuance of a general obligation bond), if the Proposed Transaction is approved the cost of the Parker Ford project can be spread across *all* PAWC customers. As of January 31, 2025, PAWC furnished wastewater service to approximately 115,119 residential, commercial, industrial, municipal and bulk customers in Pennsylvania. *See* PAWC Statement No. 1 (Kohl) at 18. In addition, due to robust in-house

professional staff and economies of scale, it is my understanding that PAWC has the ability to execute the Parker Ford expansion project at a lower cost than the Township.

17. CAN YOU PLEASE CONTINUE DESCRIBING THE OTHER BENEFITS OF THE PROPOSED TRANSACTION?

PAWC's acquisition of the System will benefit public health and safety in the long run as well as the immediate future, because it has the expertise and financial resources to ensure that the System is operated properly and in compliance with environmental and regulatory requirements. In my experience as Sewer Operator, it is important to proactively maintain and improve wastewater systems. Problems can arise when a wastewater operator is *reacting* to deferred maintenance issues. My discussions with PAWC have assured me that it is well-funded and has hundreds of professionals in-house who together can ensure that the System is well maintained and always operates safely and efficiently.

Further, the Proposed Transaction will benefit the Township by helping to stabilize the Township's finances. As an initial matter, the Township can use the proceeds from the Proposed Transaction to fully pay off all outstanding debt. More specifically, the proceeds can be used towards approximately \$5.4 million of debt related to the System and \$800,000 of other Township debt. Paying off this debt will provide East Coventry Township with more flexibility for future budgets and projects.

Furthermore, the expected sale price of the System will provide the Township with cash in excess of its debt obligations, allowing the Township to grow its cash reserves for the benefit of the Township, including emergencies and other future uses.

The sale of the System to PAWC will allow Township employees to focus on their core responsibilities. The Township does not have any staff with the experience or the time to run a project of the magnitude or complexity of the Parker Ford project. The Township would need to temporarily hire additional staff to handle the project and also outsource most of the work.

18. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST?

Yes, absolutely. For the reasons described in response to the immediately preceding question, I believe that the Proposed Transaction represents the best path, from the financial perspective of the residents, for funding and completing the essential Parker Ford project. Furthermore, PAWC is a highly capable utility that can operate the System efficiently and safely for years to come, and navigate the increasingly complex regulatory requirements imposed by Commonwealth agencies. Last, the public will benefit because the Proposed Transaction will allow not just the satisfaction of all Township debts, but the retention of sale proceeds for the future benefit of the Township and its residents.

V. RATES

19. HOW DOES EAST COVENTRY TOWNSHIP SET THE RATES IT CHARGES RESIDENTS FOR WASTEWATER COLLECTION, CONVEYANCE, AND TREATMENT SERVICES?

Rates are set based on the Township Finance Department's recommendation to the Township Manager and Board of Supervisors after conducting a forecast of the System's revenues and expenditures through the Township's annual budgeting process.

Each year in December, as part of the Township's annual budgeting process, the Township Finance Department conducts a forecast of the System's revenues and expenditures. The

Finance Department then makes a recommendation to Township Manager and Board of Supervisors—who are responsible for creating the Township’s annual budget—regarding the appropriate rates for the upcoming year. The rates, which are adjusted every year, are formally established in the Township’s budget approval, which is effectuated by Resolution.

VI. CONCLUSION

20. DOES THIS CONCLUDE YOUR TESTIMONY?

Yes. However, I reserve the right to file additional testimony at a later date as may be necessary or appropriate.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American :
Water Company under Sections 1102(a) and :
1329 of the Pennsylvania Public Utility Code, :
66 Pa C.S. §§ 1102(a) and 1329, for approval :
of (1) the transfer, by sale, to Pennsylvania- :
American Water Company, of substantially :
all of the assets, properties and rights related : Docket Nos. A-2025-3053487, *et al.*
to the wastewater system owned and operated :
by East Coventry Township, and (2) the rights :
of Pennsylvania-American Water Company :
to begin to offer or furnish wastewater service :
to the public in the Township of East :
Coventry, Chester County, Pennsylvania

**DIRECT TESTIMONY OF
DR. CHRISTINA E. CHARD ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY**

Date: October 8, 2025

PAWC Statement No. 3

**DIRECT TESTIMONY OF
DR. CHRISTINA E. CHARD**

Introduction

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Q. WHAT IS YOUR NAME AND ADDRESS?

A. My name is Christina Chard; my address is 1600 Pennsylvania Ave, Charleston WV 25302.

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

A. I am employed by American Water Works Service Company (the “Service Company”) as the Senior Director of Rates and Regulatory for Pennsylvania-American Water Company (“PAWC” or “the Company”). The Service Company is a wholly owned subsidiary of American Water Works Company, Inc. (“American Water”) that provides services to PAWC and its affiliates.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I hold a doctorate degree in Executive Leadership, a Master’s degree in Forensic Accounting, and a Bachelor of Science Degree in Mathematics from the University of Charleston. I have also completed the National Association of Regulatory Utility Commissioners' utility ratemaking course and as of 2025 am serving as a coach/instructor for the course. I have served in progressively responsible state rates and regulatory support roles with American Water since 2018. Please see Appendix A to this testimony for additional details of my professional experience.

1 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
2 **PENNSYLVANIA PUBLIC UTILITY COMMISSION (THE “COMMISSION” OR**
3 **“PUC”)?**

4 **A.** Yes. I prepared and provided testimony in PAWC’s 2020 base rate case at Docket No. R-
5 2020-3019369. In addition, I have testified in numerous acquisition cases, surcharge
6 mechanism cases, the 2018 federal tax change investigation, and base rate cases before the
7 West Virginia Public Service Commission on behalf of another American Water
8 subsidiary, West Virginia-American Water. I also testified in an acquisition rulemaking
9 case before the Tennessee Public Utility Commission.

10
11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

12 **A.** My testimony first addresses the financial fitness of PAWC to acquire and operate the
13 wastewater system (“System”) currently owned by East Coventry Township (the
14 “Township”), which PAWC has agreed to purchase (the “Transaction”). Second, my
15 testimony addresses: (a) the identification of ratemaking rate base as required in 66 Pa.
16 C.S § 1329 for PAWC’s acquisition of the System; (b) an overview of the rate provisions
17 contained in the Asset Purchase Agreement (“APA”) for PAWC’s acquisition of the
18 System; (c) the customer notices associated with the Transaction; (d) a description of
19 PAWC’s low-income programs; (e) an estimate of the range of transaction and closing
20 costs incurred by PAWC; (f) a statement regarding PAWC’s intentions with respect to
21 accrual of certain post-acquisition improvement costs and deferral of related depreciation;
22 (g) cost of service study in future rate cases; and, (h) the authentication of certain
23 Application appendices.

1 **PAWC'S Financial Fitness**

2 **Q. PLEASE DISCUSS PAWC'S FINANCIAL FITNESS.**

3 **A.** PAWC is the Commonwealth's largest water and wastewater provider, with total assets of
4 \$7.9 billion and annual revenues of \$1.04 billion for 2024. For 2024, PAWC had operating
5 income of approximately \$498 million and net income of approximately \$314 million.
6 These operating results produced cash flows from operations of approximately \$615
7 million. Given its size, access to capital and its recognized strengths in system planning,
8 capital budgeting and construction management, PAWC is well-positioned from a
9 financial, managerial and technical perspective to ensure that high quality water and
10 wastewater service meeting all federal and state requirements is provided to the System's
11 customers and maintained for PAWC's existing customers.

12
13 **Q. PLEASE DISCUSS PAWC'S OVERALL FINANCIAL FITNESS AND ACCESS TO
14 CAPITAL TO ACQUIRE THE AUTHORITY'S SYSTEM.**

15 **A.** PAWC has strong operating cash flows and net income and, therefore, a strong balance
16 sheet. PAWC's strong operating and financial performance allows it to obtain competitive
17 interest rates for long-term debt financing and access to equity investments from its parent
18 company. PAWC is a financially-sound business that can financially support the
19 acquisition of the Systems as well as the ongoing operating and investment commitments
20 that will be required to operate, maintain, and improve those assets in serving the public.

21 **Line of Credit**

22 PAWC presently has liquidity through a \$495 million line of credit through American
23 Water Capital Corp. ("AWCC"), a wholly owned subsidiary of American Water Works

1 Company, Inc. (“American Water”). PAWC’s strong credit ratings allow PAWC to obtain
2 additional capacity on this line of credit.

3 **Long Term Debt Financing**

4 PAWC carries a corporate credit rating of “A3” from Moody’s Investors Services and an
5 “A” rating from Standard and Poor’s Rating Services. PAWC obtains long-term debt
6 financing through AWCC at favorable interest rates and payment terms. When applicable,
7 PAWC also uses low-cost financing through the Pennsylvania Infrastructure Investment
8 Authority (“PENNVEST”) and the Pennsylvania Economic Development Financing
9 Authority (“PEDFA”).

10 **Equity Investments**

11 PAWC may obtain additional equity investments through American Water based on its
12 strong operating performance.

13
14 **Q. PLEASE EXPLAIN HOW PAWC INTENDS TO FUND THE TRANSACTION.**

15 **A.** PAWC will initially fund the Transaction with short-term debt and will later replace it with
16 a combination of long-term debt and equity capital.

17
18 **Q. WHAT IMPACT, IF ANY, DO YOU ANTICIPATE THAT THE ACQUISITION OF
19 THE SYSTEM WILL HAVE ON PAWC’S CORPORATE CREDIT RATINGS?**

20 **A.** As stated above, PAWC does not anticipate that the acquisition of the System will have a
21 significant impact on its credit ratings.

22 **Q. DO YOU ANTICIPATE THE TRANSACTION HARMING PAWC’S FINANCIAL
23 STATUS IN ANY MANNER?**

1 A. No. PAWC does not anticipate that the acquisition of the Systems will have a negative
2 impact on PAWC’s cash flows, credit ratings or access to capital and, therefore, will not
3 deteriorate in any manner PAWC’s ability to continue to provide safe, adequate, and
4 reasonable service to its existing customers at just and reasonable rates.

5

6 **Fair Market Value Ratemaking Rate Base**

7 **Q. PLEASE STATE THE RATE BASE REQUESTED IN THE APPLICATION**
8 **PURSUANT TO 66 PA. C.S § 1329.**

9 A. The negotiated purchase price for the acquired assets is \$7,000,000 and the average of the
10 appraisals of the buyer’s Utility Valuation Expert (“UVE”) and the seller’s UVE is
11 \$13,405,035. Accordingly, the negotiated purchase price of \$7,000,000 is the fair market
12 value for ratemaking purposes under Section 1329 (*i.e.* the lower of the negotiated purchase
13 price and the average of the UVEs’ appraisals). The fair market value as determined by
14 the Section 1329 process, in addition to the transaction and closing costs described below,
15 becomes part of PAWC’s rate base for ratemaking purposes. Note, however, that PAWC
16 reserves its right in future proceedings to make rate base claims related to the acquisition
17 as may otherwise be permitted under the Pennsylvania Public Utility Code (“Code”).

18

19 **Q. PLEASE SUMMARIZE HOW THE COMPANY PROPOSES TO RECORD THE**
20 **TRANSACTION.**

21 A. As shown on **Appendix A-15-f**, the Company seeks approval to record the \$7,000,000 net
22 value of the assets on its books. The Company requests to record the acquisition on a net
23 basis consistent with generally accepted accounting principles, which advise that property,

1 plant and equipment acquired in a business combination intended to be held and used
2 should be recognized and measured at fair value, and that the accumulated depreciation of
3 the acquiree is not carried forward in a business combination (*i.e.*, net presentation).¹
4 Permitting PAWC to use this accounting treatment for the assets would be consistent with
5 the Commission’s decision in *Application of Pennsylvania-American Water Company*
6 *under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), for*
7 *Approval of the Transfer, by Sale, to Pennsylvania-American Water Company, of*
8 *Substantially All of the Assets, Properties and Rights Related to the Wastewater Collection*
9 *and Treatment System Owned by the York City Sewer Authority and Operated by the City*
10 *of York, Docket Nos. A-2021-3024681 et al. (Final Order entered April 14, 2022) ¶ 3(h)*
11 *and Application of Pennsylvania-American Water Company , pursuant to 66 Pa. C.S. §§*
12 *1102 and 1329 for Approval of the Acquisition of the Butler Area Sewer Authority, Docket*
13 *No. A-2022-3037047 (Order entered November 16, 2023) ¶ 14.*

14 Section 1329(c) provides that the “ratemaking rate base” is to be incorporated into
15 PAWC’s rate base. As discussed above, the Company requests the Commission approve
16 \$7,000,000 as the ratemaking rate base for the System.² Since Section 1329 does not
17 address the proper accounting treatment of the rate base or approval of a depreciation
18 reserve in determining the ratemaking rate base, the Company believes that recording
19 \$7,000,000, on a net basis, is appropriate and consistent with Section 1329.

¹ ASC 805-20 *Business Combinations – Identifiable Assets and Liabilities, and any Noncontrolling Interest* and ASC 820-10-30 *Fair Value Measurement – Initial Measurement*.

² “The ratemaking rate base of the selling utility shall be the lesser of the purchase price negotiated by the acquiring public utility or entity and selling utility or the fair market value of the selling utility.” 66 Pa. C.S. § 1329(c).

Asset Purchase Agreement Rate Provisions

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Q. PLEASE PROVIDE AN OVERVIEW OF THE RATE PROVISIONS OF THE APA.

A. Section 7.04 of the APA contains provisions related to rates. PAWC has committed to adopt, upon closing of the Transaction (“Closing”), the Township’s monthly base rates. These rates are shown on Schedule 6.10 to the APA.

The initial rates to be applicable to the former Township wastewater customers are set forth in the *pro forma* tariff supplement attached as **Appendix A-12** to the Application. System customers will be governed by rates for new East Coventry Rate Zone “XX.” After Closing, System customers will be subject to PAWC’s prevailing wastewater tariff on file with the Commission with respect to all rates other than base rates, such as capacity reservation fees, reconnection fees, and the like, as well as non-rate related terms and conditions of service.

Q. PLEASE PROVIDE AN OVERVIEW OF PAWC EXHIBIT CEC-2.

A. PAWC will implement the Township’s EDU allocations, consistent with the Section 1329 requirement to take on existing rates. PAWC’s current active tariff provides that for customers acquired by the Company through a purchase or acquisition, information on the equivalent dwelling units is available at the Company’s website. The EDU allocation for the Township that will be posted to PAWC’s website is attached to my testimony as **PAWC Exhibit CEC-2.**

Q. WHAT IMPACT, IF ANY, WILL THERE BE ON THE RATES OF THE TOWNSHIP’S CUSTOMERS AS A RESULT OF THE ACQUISITION OF THE SYSTEM?

1 A. There will be no immediate impact on the rates of the Township’s customers because
2 PAWC has committed to adopt, upon Closing, the Township’s rates in effect at the time of
3 Closing. PAWC expects to propose to move the Township’s rates toward consolidated
4 rates in future base rate cases. Subject to Commission approval, PAWC anticipates
5 allocating a portion of its wastewater revenue requirement to the combined water and
6 wastewater customer base, as permitted by 66 Pa. C.S. § 1311(c).

7

8 **Q. WHAT IMPACT, IF ANY, WILL THERE BE ON THE RATES OF PAWC’S**
9 **CURRENT WATER AND WASTEWATER CUSTOMERS AS A RESULT OF THE**
10 **ACQUISITION OF THE SYSTEM?**

11 A. There will be no immediate impact on the rates of PAWC’s current water and wastewater
12 customers. PAWC expects to include the Township’s wastewater system in PAWC’s
13 future base rate filings. Any impacts on the rates of PAWC’s existing water and wastewater
14 customers would occur only after a Commission decision in a base rate proceeding. A non-
15 binding estimate of possible rate impacts for existing water and wastewater customers is
16 shown in **Appendix A-18-d** and discussed in the Customer Notice section below. The
17 Township’s customers, as part of PAWC’s overall customer base, will become part of
18 PAWC’s overall cost allocation. Nothing contained in the APA would bind the
19 Commission or other interested parties in future ratemaking proceedings.

20

21 **Q. DOES PAWC SEEK THE AUTHORITY TO CHARGE NON-BASE RATES PRIOR**
22 **TO THE FIRST PAWC BASE RATE CASE IN WHICH THE SYSTEM IS**
23 **INCLUDED?**

1 A. Yes. PAWC is requesting authority from the Commission to approve collection of a
2 distribution system improvement charge (“DSIC”) related to the System in the future, prior
3 to the first base rate case in which the System plant-in-service is incorporated into rate
4 base. PAWC would not begin charging a DSIC until the eligible System plant is approved
5 by the Commission in an amendment to PAWC’s Long Term Infrastructure Improvement
6 Plan for wastewater.

7 **CUSTOMER NOTICE AND POTENTIAL RATE IMPACT**

8 **Q. IS PAWC PROVIDING NOTICE TO CUSTOMERS OF THE ACQUISITION?**

9 A. Yes. PAWC is providing notice of the acquisition to existing PAWC water and wastewater
10 customers as well as to the Township’s wastewater customers. The notices to PAWC
11 customers and Township wastewater customers are attached to the application as
12 **Appendix A-18-d**. These notices contain a non-binding estimate of the potential rate
13 impact of the acquisition.

14
15 **Q. HOW WERE THE ESTIMATES OF POTENTIAL RATE IMPACTS**
16 **CALCULATED FOR THE NOTICES PROVIDED IN APPENDIX A-18-D?**

17 A. These notices were prepared in accordance with the *2024 Final Supplemental*
18 *Implementation Order (“2024 FSIO”)*.³ This Order prescribes the form and calculation
19 of the notices for future Section 1329 acquisition proceedings. As required by the Order,
20 the notices included in **Appendix A-18-d** are calculated to show the impact as if the entire
21 revenue requirement deficiency were allocated to System customers, existing PAWC water

³ *Valuation of Acquired Municipal Water and Wastewater Systems – Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 (Opinion and Order entered July 2, 2024) (“2024 FSIO”).

1 customers, and existing PAWC wastewater customers. The rate impacts resulting from
2 these calculations are discussed in more detail below.

3
4 **Q. PLEASE SUMMARIZE THE CALCULATION OF THE POTENTIAL RATE**
5 **IMPACT SHOWN IN THE NOTICE TO THE TOWNSHIP’S CUSTOMERS.**

6 **A.** As shown in **Appendix A-18-d**, the notice to Township customers shows the following
7 information regarding the potential rate impacts of the acquisition:

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	\$44.41	65.0%
Commercial	22,094 gal/month	\$44.41	65.0%

8
9 The 82.8% increase shown in the chart above is calculated as 100% of the revenue
10 deficiency, divided by the Year One revenues of the System. The current average monthly
11 bill is calculated using the Township’s wastewater rates and the average usage for each
12 customer class as reflected in the filing of PAWC’s most recently approved base rate case
13 (Docket No. R-2023-3043189).

14
15 **Q. IF THIS TRANSACTION IS NOT APPROVED, WOULD THE TOWNSHIP’S**
16 **CUSTOMERS EXPERIENCE A RATE INCREASE?**

17 Yes, as further discussed in the direct testimony of the Township’s witness Ray
18 Kolb, if the Township is prevented from consummating the Proposed Transaction, it will
19 be required to fund the \$27 million expansion project itself. There are several ways the
20 Township could fund the project. First, the Township could raise the sewer rates for all

1 residents receiving services from the System to account for the cost of adding the Parker
2 Ford EDUs. In this scenario, the Township's financial advisor estimates that the current
3 rate of \$68.33 will increase steadily over time, reaching \$128.66 per month in 2030, and
4 culminating in an estimated rate of \$152.00 per month in 2035.

5
6 **Q. PLEASE SUMMARIZE THE RATE IMPACT CALCULATION IN THE NOTICE**
7 **TO PAWC WASTEWATER CUSTOMERS.**

8 **A.** As shown in **Appendix A-18-d**, the notice to PAWC's existing wastewater customers
9 shows the following information regarding the potential rate impacts of the acquisition:

10

Wastewater Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	\$0.44	0.40%
Commercial	22,094 gal/month	\$2.09	0.40%
Industrial	685,947 gal/month	\$60.47	0.40%

11
12 The 0.40% increase shown in the chart above is calculated by dividing 100% of the revenue
13 deficiency, by PAWC's applicable wastewater revenues from PAWC's most recent base
14 rate case.

15
16 **Q. PLEASE SUMMARIZE THE CALCULATION OF THE POTENTIAL RATE**
17 **IMPACT SHOWN IN THE NOTICE TO PAWC WATER CUSTOMERS.**

18 **A.** As shown in **Appendix A-18-d**, the notice to PAWC's existing water customers shows the
19 following information regarding the potential rate impacts of the acquisition:

Water Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	\$0.08	0.10%
Commercial	22,094 gal/month	\$0.42	0.10%
Industrial	685,947 gal/month	\$8.86	0.10%

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The 0.10% increase shown in the chart above represents the potential impact on PAWC water customers if the revenue deficiency were entirely allocated to water customers. This allocation to water customers is divided by PAWC’s applicable water revenues from PAWC’s most recent base rate case.

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The current average monthly bill is shown at PAWC’s Zone 1 rates effective August 7, 2024 and the average usage for each customer class as reflected in the filing of PAWC’s most recent base rate case (Docket No. R-2023-3043189). The average monthly bill for PAWC Zone 1 customers after acquisition is calculated by increasing the average monthly bill amounts by the 0.10% increase, which was calculated as explained above. Please refer to **PAWC Exhibit CEC-1** for the calculation of the customer notice.

12

LOW-INCOME PROGRAMS

13

Q. PLEASE SUMMARIZE PAWC’S TARIFFED LOW INCOME DISCOUNTS.

14

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A. PAWC’s low-income tariff rider provides low-income customers with discounts to fixed and volumetric charges. PAWC’s low-income discount includes four tiers of discount, with the discount level dependent on the customer’s percentage of Federal Poverty Level (“FPL”). The tariff discounts are summarized below.⁴

⁴ Refer to Tariff Water-PA P.U.C. No. 5, page 17 and Tariff Wastewater PA P.U.C. No. 16, page 16.

Discount	Tier 1 (0-50% FPL)	Tier 2 (51-100% FPL)	Tier 3 (101-150% FPL)	Tier 4 (151-200% FPL)
Water Service Charge Discount	90%	75%	60%	30%
Water Usage Charge Discount	80%	65%	40%	20%
Wastewater Total Bill Discount	85%	73%	55%	37%

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Q. WILL TOWNSHIP CUSTOMERS BE ELIGIBLE FOR THESE DISCOUNTS UPON ACQUISITION?

A. Yes. Because PAWC is already the water provider for some Township customers, any customers enrolled in the low income discount for their water service will be automatically enrolled in the discount for wastewater service at the time of Closing. For those Township customers who are not currently a PAWC water customer, they will have the option of enrolling into the bill discount program for their wastewater bill if they meet the eligibility requirements.

In addition, the Company recently launched its Arrearage Management Program (“AMP”), which provides monthly forgiveness credits applied to customers’ account arrearages when customers make full and timely payments under the bill discount program. Finally, customers with a household income of 250% of the FPL and below are eligible for annual wastewater grants of up to \$500 under PAWC’s H2O Help to Others program.

1 **Q. PLEASE SUMMARIZE THE CURRENT COST OF PAWC’S LOW-INCOME**
2 **DISCOUNT PROGRAMS TO ITS LEGACY CUSTOMER BASE.**

3 **A.** PAWC’s low-income discount program provides discounts between 30% and 90% of the
4 water and wastewater bill to customers with an FPL of 200% or less. These discounts have
5 a small impact on customer’s bills of approximately \$2.41 per month for residential water
6 customers and approximately \$4.03 per month for residential wastewater customers.⁵

7 **TRANSACTION AND CLOSING COSTS**

8 **Q. PLEASE DESCRIBE THE ESTIMATED TRANSACTION AND CLOSING COSTS**
9 **FOR THE TRANSACTION.**

10 **A.** As set forth in the Commission’s *Final Implementation Order* at Docket No. M-2016-
11 2543193, transaction and closing costs include the UVE’s appraisal fee and the buyer’s
12 closing costs, including reasonable attorney fees. In accordance with the *Final*
13 *Implementation Order* and traditional ratemaking principles, reasonable transaction and
14 closing costs are not to be decided in this Application proceeding; instead, PAWC must
15 justify the costs by a “preponderance of the evidence” in a future base rate proceeding.

16 As a practical matter, the exact extent of such costs cannot be known at the time of
17 filing the Application and will not be finally known until after Closing. The costs depend
18 on a number of variables, including whether this Application is settled or fully litigated.
19 PAWC will track such costs and incorporate them into rate base in a future base rate
20 proceeding as appropriate. Nevertheless, attached to the Application as **Appendix A-10** is

⁵ The amounts shown in this paragraph are calculated as the discounted revenue divided by the number of residential customers at Docket No. R-2023-3043189.

1 PAWC's estimate of the anticipated transaction and closing costs (approximately \$1.025
2 million).

3 **POST-ACQUISITION IMPROVEMENT COSTS**

4 **Q. PLEASE STATE YOUR UNDERSTANDING OF SECTION 1329 WITH RESPECT**
5 **TO POST-ACQUISITION IMPROVEMENT COSTS.**

6 **A.** I am advised by counsel that Section 1329(f) allows "an acquiring public utility's post
7 acquisition improvements that are not included in a distribution system improvement
8 charge [to] accrue allowance for funds used during construction ["AFUDC"] after the date
9 the cost was incurred until the asset has been in service for a period of four years or until
10 the asset is included in the acquiring public utility's next base rate case, whichever is
11 earlier." Section 1329(f) also provides that "[d]epreciation on an acquiring public utility's
12 post-acquisition improvements that have not been included in the calculation of a
13 distribution system improvement charge shall be deferred for book and ratemaking
14 purposes."

15
16 **Q. DOES PAWC INTEND TO ACCRUE AFUDC FOR POST-ACQUISITION**
17 **IMPROVEMENTS?**

18 **A.** Yes. As summarized in the Direct Testimony of PAWC Witness Mr. Daniel Hufton, P.E.,
19 PAWC's Engineering Manager, PAWC Statement No. 2, PAWC will be making post-
20 acquisition improvements to the System. As such, PAWC will likely accrue AFUDC
21 consistent with what is permitted under Section 1329. PAWC will address any claims for
22 AFUDC in the first base rate proceeding in which the Township's assets are included.

23

1 **Q. DOES PAWC INTEND TO DEFER DEPRECIATION ON NON-DSIC-ELIGIBLE**
2 **POST-ACQUISITION IMPROVEMENTS FOR BOOK AND RATEMAKING**
3 **PURPOSES?**

4 **A.** Yes. Section 1329(f) permits such deferral of depreciation. The statute appears to allow
5 deferral without specific Commission approval; however, out of an abundance of caution,
6 PAWC is specifically petitioning the Commission, as part of this Application proceeding,
7 for permission to defer the depreciation for book and ratemaking purposes.

8 **COST OF SERVICE STUDY IN FUTURE BASE RATE CASE**

9 **Q. PLEASE DISCUSS THE SEPARATE COST OF SERVICE STUDY (“COSS”)**
10 **DIRECTIVE FROM THE ORDER APPROVING THE COMPANY’S LAST BASE**
11 **RATE CASE AT DOCKET NO. R-2023-3043189.**

12 **A.** Page 217 of the Commission Order approving the Company’s last base rate case included
13 a directive requiring PAWC to prepare separate COSSs for new Section 1329 acquisitions
14 in the first base rate proceeding where those systems are included in PAWC’s revenue
15 requirement.

16 In the first base rate case in which the Township is included, the Company will
17 complete a separate COSS for the Township’s system, and reflect a revenue requirement
18 separate from the existing SSS wastewater customers.

19 **AUTHENTICATION OF APPLICATION APPENDICES**

20 **Q. ARE YOU FAMILIAR WITH THE APPLICATION FILED BY PAWC IN THIS**
21 **PROCEEDING?**

22 **A.** Yes, I helped to prepare several of the appendices in support of the Application and I have
23 reviewed the final version of the Application and the appendices.

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Q. PLEASE IDENTIFY WHICH APPLICATION APPENDICES WERE PREPARED BY YOU OR UNDER YOUR SUPERVISION AND CONTROL?

A. Appendix A-10 is the Company’s estimate of the anticipated range of transaction and closing costs. The *pro forma* tariff supplement is attached as **Appendix A-12** to the Application. In addition, based on financial statements provided by the Township and on PAWC’s audited financial statements, the following appendices were prepared: **Appendix C** (audited balance sheet of the Township as of December 31, 2024), **Appendix D** (audited balance sheet of PAWC as of December 31, 2024), **Appendix E** (audited income statement of the Township for the 12 months ended December 31, 2024), **Appendix F** (audited income statement of PAWC for the 12 months ended December 31, 2024), **Appendix G** (*pro forma* balance sheet of PAWC, giving effect to the transfer), **Appendix H** (*pro forma* consolidated income statement of PAWC and the Township for 12 months) and **Appendix K** (estimated annual revenues and expenses).

Q. ARE APPENDICES A-10 AND A-12, APPENDICES C THROUGH H, AND APPENDIX K TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE, INFORMATION, AND BELIEF?

A. Yes.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my direct testimony as additional issues and facts arise during the course of the proceeding. Thank you.

APPENDIX A

From 2015 to 2017, I served as Assistant Professor and Director of the University of Charleston's Master of Forensic Accounting ("MFAcc") Program. I provided administrative oversight of the program to include curriculum development, faculty development and coordination, program assessment, recruiting, retention, marketing, and fiscal planning and management. I also served as faculty in the MFAcc program, teaching MFACC 624 - Data as Evidence which included data mining, probability concepts and calculations, link analysis, timelines and relationship charts, and applications of statistics in the courtroom. In addition, I taught the following undergraduate courses: BUSI 215 – Business Software, ACCT 460 – Accounting Information Systems, and ACCT 281 - Introduction to Forensic Accounting.

From 2010 to 2015, I served as Manager of Information Technology Services Expense Management for American Water ("AW"), responsible for managing operating and capital expenditures for the ITS department. I proposed and received approval for establishment of AW's first IT Finance team overseeing the management of IT related operating and capital funding projects across AW's subsidiaries. I was responsible for business planning and reporting, contracts processing, capital asset management, procurement of ITS goods/services, and budget management of \$70M+ annually. During this time, I also served as the ITS functional lead member of AW's Procure to Pay Service Delivery Council. I established the Centrally Sponsored Financial Model for use by the company in SAP and related system asset management post-system implementation. I established an annual CIO communication to state presidents, finance, rates, and capital leads within the operating companies for the purpose of communication business planning needs for information systems projects at enterprise and state levels

APPENDIX A

From 2003 to 2010, I served as Team Lead for the ITS Service Delivery department overseeing up to 9 states and service company locations with 22 support specialists for the delivery of information technology services such as local network, computer, and software support.

I also serve as a contract instructor and presenter for the National Association of Valuators and Analysts (NACVA), presenting on topics such as computer forensics and the digital age.

East Coventry Township Wastewater Customers

Wastewater

Rate Class	Average Usage	Monthly Bill at East Coventry Township Rates at Closing (1 EDU)	Potential Average Monthly Bill	Potential Increase
Residential	3,201 gal/month	\$68.33	\$112.74	\$44.41 or 65.0%
Commercial	22,094 gal/month	\$68.33	\$112.74	\$44.41 or 65.0%

PAWC Current Customers

Wastewater

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,201 gal/month	\$109.55	\$109.99	\$0.44 or 0.4%
Commercial	22,094 gal/month	\$522.46	\$524.55	\$2.09 or 0.4%
Industrial	685,947 gal/month	\$15,117.93	\$15,178.40	\$60.47 or 0.4%

Water

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,201 gal/month	\$78.89	\$78.97	\$0.08 or 0.1%
Commercial	22,094 gal/month	\$419.34	\$419.76	\$0.42 or 0.1%
Industrial	685,947 gal/month	\$8,863.12	\$8,871.98	\$8.86 or 0.1%

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

East Coventry Township Wastewater

PAWC - Wastewater

PAWC - Water

Residential		
	Flat Rate per EDU	\$68.33
		\$68.33

Zone 1 - Residential		
	Service Charge	\$15.00
32.01	2.9539	94.55
		\$109.55

Zone 1 - Residential		
5/8"	Service Charge	\$18.80
32.01	1.8772	60.09
		\$78.89

Rate Impact $\frac{65.0\%}{\$44.41}$

Rate Impact $\frac{0.4\%}{\$0.44}$

Rate Impact $\frac{0.1\%}{\$0.08}$

Total \$112.74

Total \$109.99

Total \$78.97

Commercial		
	Flat Rate per EDU	\$68.33
		0.00
		\$68.33

Zone 1 - Commercial		
	Service Charge	\$36.70
220.94	2.1986	485.76
		\$522.46

Zone 1 - Commercial		
1"	Service Charge	\$48.40
160.00	1.8033	288.53
60.94	1.3523	82.41
220.94		
		\$419.34

Rate Impact $\frac{65.0\%}{\$44.41}$

Rate Impact $\frac{0.4\%}{\$2.09}$

Rate Impact $\frac{0.1\%}{\$0.42}$

Total \$112.74

Total \$524.55

Total \$419.76

Industrial		
	Flat Rate per EDU	N/A

Zone 1 - Industrial		
	Service Charge	\$36.70
6,859.47	2.1986	15,081.23
		15,117.93

Zone 1 - Industrial		
2"	Service Charge	\$224.00
160.00	1.6720	267.52
5,840.00	1.2860	7,510.24
859.47	1.0022	861.36
6,000.00		
		8,863.12

Rate Impact $\frac{N/A}{}$

Rate Impact $\frac{0.4\%}{\$60.47}$

Rate Impact $\frac{0.1\%}{\$8.86}$

Total

Total \$15,178.40

Total \$8,871.98

Pennsylvania American Water Company
 Acquisition of Wastewater Assets of the East Coventry Township
 Docket No. A-2025-3053487

Estimated Rate Increase

Increase applied to Acquired System Customers	
Revenue Requirement Increase	\$ 658,000
Current East Coventry Township Wastewater revenues	1,013,000
Estimated Increase to wastewater customers	65.0%

Amount of increase allocated to wastewater customers and applied to the revenues of existing PAWC wastewater customers:	
Revenue Requirement Increase	\$ 658,000
PAWC Wastewater Revenues (R-2023-3043189 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	174,906,969
Estimated Increase to wastewater customers	0.4%

Amount of increase allocated to water customers:	
Revenue Requirement Increase	\$ 658,000
PAWC Water Revenues (R-2023-3043189 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	890,733,518
Estimated Increase to Water Customers	0.1%

**Pennsylvania American Water Company
 Acquisition of Wastewater Assets of the East Coventry Township
 Docket No. A-2025-3053487**

Revenue Requirement Increase

Rate Base	\$	7,000,000	Appendix A-11
Rate of Return %		7.15%	See Calculations
Rate of Return		<u>501,000</u>	
O&M		741,000	Appendix K
Taxes Other		133,000	Appendix K
Depreciation		167,000	Appendix K
Taxes		129,000	See Calculations
Revenue Requirement		1,671,000	
East Coventry Township Wastewater Year-1 Revenues		1,013,000	Appendix K
Revenue Requirement Increase		658,000	

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

Income Tax Calculation

<u>Revenue Requirement</u>	
Rate Base	\$ 7,000,000
Pretax ROR %	8.99%
Pretax ROR	629,000
Plus: O&M Expense	741,000
Taxes Other	133,000
Depreciation	167,000
Total Revenue Requirement	<u>1,670,000</u>

<u>Income Tax Calculation</u>	
Revenues	\$ 1,670,000
Less: O&M Expense	741,000
Taxes Other	133,000
Depreciation	167,000
Interest	151,000
SIT Taxable Income	478,000
State Income Tax Rate	7.49%
State Income Tax	36,000
FIT Taxable Income	442,000
Federal Income Tax Rate	21.00%
Federal Income Tax	93,000
Total Income Taxes	<u>129,000</u>

<u>Interest</u>	
Rate Base	\$ 7,000,000
Weighted Cost of Debt (2.03% + 0.12%)	2.15%
	<u>\$ 151,000</u>

Wastewater	Capital Structure	Cost Rate	Weighted Cost	Revenue Multiplier	Revenue Requirement
Long-Term Debt	42.73%	4.76%	2.03%		2.03%
Wastewater Financing	4.40%	2.67%	0.12%		0.12%
Preferred Stock	0.00%	0.00%	0.00%	1.36831	0.00%
Common Equity	52.87%	9.45%	5.00%	1.36831	6.84%
			<u>7.15%</u>		<u>8.99%</u>

Capital Structure, Cost of Debt, and Cost of Equity are based on PAWC's last wastewater base rate case. Docket No. R-2023-3043189, Order Entered July 22, 2024, page 200. State Income Tax Rate of 7.49% in effect 1/1/2026.

Revenue Multiplier

Statutory State Tax Rate	0.0749
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9251
Fed Rate Times (1-State Tax Rate)	0.194271
Effective Tax Rate	0.269171
1-Eff Tax Rate	0.730829
Reciprocal	1.36831

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

Operating Revenue Assumptions

Annual EDUS	Rate	Revenue
14,820	68.33	1,013,000
Total Revenues		\$1,013,000

**Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487**

O&M and General Tax Assumptions

Operating and Maintenance Expenses

Labor and Labor Related	\$93,000
Fuel & Power	23,000
Waste Disposal	187,000
Management Fees	3,000
Contracted Services	9,000
Insurance Other Than Group	18,000
Maintenance	21,000
Customer Accounting	9,000
Rents	3,000
General Office Expense	2,000
Miscellaneous	373,000
Total O&M	\$741,000

General Taxes

Property Tax	\$127,000
Payroll Taxes	\$6,000
Total General Taxes	\$133,000

East Coventry Township Wastewater Customers

Wastewater

Rate Class	Average Usage	Monthly Bill at East Coventry Township Rates at Closing (1 EDU)	Potential Average Monthly Bill	Potential Increase
Residential	3,201 gal/month	\$68.33	\$112.74	\$44.41 or 65.0%
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Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

East Coventry Township Wastewater

PAWC - Wastewater

PAWC - Water

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		\$68.33

Zone 1 - Residential		
	Service Charge	\$15.00
32.01	2.9539	94.55
		\$109.55

Zone 1 - Residential		
5/8"	Service Charge	\$18.80
32.01	1.8772	60.09
		\$78.89

Rate Impact $\frac{65.0\%}{\$44.41}$

Rate Impact $\frac{0.4\%}{\$0.44}$

Rate Impact $\frac{0.1\%}{\$0.08}$

Total \$112.74

Total \$109.99

Total \$78.97

Commercial		
	Flat Rate per EDU	\$68.33
		0.00
		\$68.33

Zone 1 - Commercial		
	Service Charge	\$36.70
220.94	2.1986	485.76
		\$522.46

Zone 1 - Commercial		
1"	Service Charge	\$48.40
160.00	1.8033	288.53
60.94	1.3523	82.41
220.94		
		\$419.34

Rate Impact $\frac{65.0\%}{\$44.41}$

Rate Impact $\frac{0.4\%}{\$2.09}$

Rate Impact $\frac{0.1\%}{\$0.42}$

Total \$112.74

Total \$524.55

Total \$419.76

Industrial		
	Flat Rate per EDU	N/A

Zone 1 - Industrial		
	Service Charge	\$36.70
6,859.47	2.1986	15,081.23
		15,117.93

Zone 1 - Industrial		
2"	Service Charge	\$224.00
160.00	1.6720	267.52
5,840.00	1.2860	7,510.24
859.47	1.0022	861.36
6,000.00		
		8,863.12

Rate Impact $\frac{N/A}{}$

Rate Impact $\frac{0.4\%}{\$60.47}$

Rate Impact $\frac{0.1\%}{\$8.86}$

Total

Total \$15,178.40

Total \$8,871.98

Pennsylvania American Water Company
 Acquisition of Wastewater Assets of the East Coventry Township
 Docket No. A-2025-3053487

Estimated Rate Increase

Increase applied to Acquired System Customers	
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Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

Revenue Requirement Increase

Rate Base	\$	7,000,000	Appendix A-11
Rate of Return %		7.15%	See Calculations
Rate of Return		<u>501,000</u>	
O&M		741,000	Appendix K
Taxes Other		133,000	Appendix K
Depreciation		167,000	Appendix K
Taxes		129,000	See Calculations
Revenue Requirement		1,671,000	
East Coventry Township Wastewater Year-1 Revenues		1,013,000	Appendix K
Revenue Requirement Increase		658,000	

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

Income Tax Calculation

<u>Revenue Requirement</u>	
Rate Base	\$ 7,000,000
Pretax ROR %	8.99%
Pretax ROR	<u>629,000</u>
Plus: O&M Expense	741,000
Taxes Other	133,000
Depreciation	<u>167,000</u>
Total Revenue Requirement	<u><u>1,670,000</u></u>
<u>Income Tax Calculation</u>	
Revenues	\$ 1,670,000
Less: O&M Expense	741,000
Taxes Other	133,000
Depreciation	167,000
Interest	<u>151,000</u>
SIT Taxable Income	478,000
State Income Tax Rate	7.49%
State Income Tax	<u>36,000</u>
FIT Taxable Income	442,000
Federal Income Tax Rate	<u>21.00%</u>
Federal Income Tax	<u>93,000</u>
Total Income Taxes	<u><u>129,000</u></u>
<u>Interest</u>	
Rate Base	\$ 7,000,000
Weighted Cost of Debt (2.03% + 0.12%)	<u>2.15%</u>
	\$ 151,000

Wastewater	Capital Structure	Cost Rate	Weighted Cost	Revenue Multiplier	Revenue Requirement
Long-Term Debt	42.73%	4.76%	2.03%		2.03%
Wastewater Financing	4.40%	2.67%	0.12%		0.12%
Preferred Stock	0.00%	0.00%	0.00%	1.36831	0.00%
Common Equity	52.87%	9.45%	<u>5.00%</u>	1.36831	<u>6.84%</u>
			7.15%		8.99%

Capital Structure, Cost of Debt, and Cost of Equity are based on PAWC's last wastewater base rate case.
Docket No. R-2023-3043189, Order Entered July 22, 2024, page 200.
State Income Tax Rate of 7.49% in effect 1/1/2026.

Revenue Multiplier

Statutory State Tax Rate	0.0749
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9251
Fed Rate Times (1-State Tax Rate)	0.194271
Effective Tax Rate	0.269171
1-Eff Tax Rate	0.730829
Reciprocal	1.36831

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487

Operating Revenue Assumptions

Annual EDUS	Rate	Revenue
14,820	68.33	1,013,000
Total Revenues		\$1,013,000

Note: Confirm customer cour

East Coventry Wastewater System

Chester County, Pennsylvania

Rate Billing Review 07.28.25 updated 7.31.2025

Source East Coventry WW Collection Acquisition Report 4-14-23

SYSTEM DESCRIPTION

East Coventry provides public sanitary sewer service for 1,115 EDUs, 1,313 residential and 484 commercial, public, and mixed-use.

Above needs to be verified since the billing report provided reflects 923 customers with 1,215 EDUs billed. Above is number of EDUS not number of connections. The number of individual service connections is 923 and the number of EDUs billed is 1,234

RATES

Source Township of East Coventry, PA PUBLIC SANITARY SEWAGE SYSTEMS, Ecode.com

**Pennsylvania American Water Company
Acquisition of Wastewater Assets of the East Coventry Township
Docket No. A-2025-3053487**

O&M and General Tax Assumptions

Operating and Maintenance Expenses

Labor and Labor Related	\$93,000
Fuel & Power	23,000
Waste Disposal	187,000
Management Fees	3,000
Contracted Services	9,000
Insurance Other Than Group	18,000
Maintenance	21,000
Customer Accounting	9,000
Rents	3,000
General Office Expense	2,000
Miscellaneous	373,000
Total O&M	\$741,000

General Taxes

Property Tax	\$127,000
Payroll Taxes	\$6,000
Total General Taxes	\$133,000

Input Data	Wastewater
Exhibit Title	PAWC Exhibit CEC-1
Acquisition Seller	East Coventry Township
Acquisition Title	East Coventry Township Wastewater
Company	Pennsylvania American Water Company
Description	Acquisition of Wastewater Assets of the East Coventry Township
Acquisition Docket	Docket No. A-2025-3053487

Financials	
Rate Base	7,000,000
O&M	741,062
Taxes Other	133,002
Depreciation	167,255
Year-1 Revenues	1,012,651

Last Rate Case Docket Number R-2023-3043189

Usage Inputs

Residential	3,201	3,201
Commercial	22,094	22,094
Industrial	685,947	685,947

Rates Input

	System to Be Acquired	PAWC Wastewater	PAWC Water
Residential			
Service Charge	68.33	15.00	18.80
Usage Charge		2.9539	1.8772
Commercial			
Service Charge	524.99	36.70	48.40
Usage Charge		2.1986	1.8033
			1.3523
Industrial			
Service Charge		36.70	224.00
Usage Charge		2.1986	1.6720
Next Block			1.2860
Next Block			1.0022

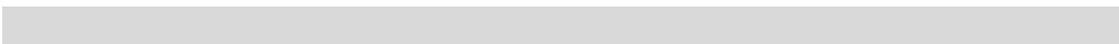
Rate of Return/Taxes

Wastewater	Capital Structure	Cost Rate	Weighted Cost

Long-Term Debt	42.73%	4.76%	2.03%
Wastewater Financing	4.40%	2.67%	0.12%
Preferred Stock	0.00%	0.00%	0.00%
Common Equity	52.87%	9.45%	<u>5.00%</u>
			7.15%

Tax Rates			
State Income Tax	7.49%	0.0749	
Federal Income Tax	21%	0.2100	

try Township



*Check state tax rate on tab 'WW P. 5'

**Check and update ROE from most recent TUS report on tab 'WW P. 5'

	<u>Customers/EDUs</u>	<u>Units</u>
Fixed Charges		
Residential Customers	1235	14,820
Commercial		0
OPA		0
Bulk Municipal		0
Bulk Municipal - Flat Rate		0
Total Fixed Charge		

Usage Charges
Residential Customers
Commercial
OPA
Bulk Municipal
Total Usage Charge

Revenues

Rate	Annual Revenue
68.33	1,012,651
68.33	0 Rounding
	0
	0
	0
	<u>0</u>
	1,012,651
	0
	0
	0
	<u>0</u>
	0
	<u>1,012,651</u>
	<u><u>1,012,651</u></u>
	949,414 From Model
	-63,237

PENNSYLVANIA-AMERICAN WATER COMPANY
SUMMARY OF PROOF OF REVENUES
R-2023-3043189

	Water Operations	Wastewater SSS General Operations	CSS Wastewater Operations	Total Company
Pro Forma Revenues Under Present Rates	\$820,869,547	\$94,672,721	\$78,636,216	\$994,178,484
Additional Revenue Requirement	\$64,799,685	\$24,226,880	\$10,302,448	99,329,013
Act 11 - Wastewater Allocation	23,321,384	(18,170,160)	(5,151,224)	0
Pro Forma Revenues Under Authorized Rates	<u>\$908,990,616</u>	<u>\$100,729,440</u>	<u>\$83,787,440</u>	<u>\$1,093,507,497</u>
Revenue Requirement Increase	\$64,799,685	\$24,226,880	\$10,302,448	\$99,329,013
Percentage Allocated to Water	67.54%			

Outputs (tab 'WW P. 3')	
Total Applicable Revenue (Wastewater)	174,906,969
Total Applicable Revenue (Water)	890,733,518
Additional Annual Operating Revenue (Settlement Increase) and Rev. Req. Allocation to Water Operations are used by revenue requirement on tab 'WW P. 3'	

	Water Operations	Wastewater SSS General Operations	CSS Wastewater Operations	Total Company
Proof of Revenues				
Total Sales of Water	908,990,616	100,729,440	83,787,440	1,093,507,496
Other Operating Revenues	10,458,913	1,433,165	474,148	12,366,226
Less Contract Revenues	7,798,185	7,702,598		15,500,783
Applicable Revenues	890,733,518	91,593,677	83,313,292	1,065,640,487

Individual Revenue Amounts are CONFIDENTIAL		
DIS	DRS	York Bulk WW
1,999,839	140,181	7,702,598
233,494	1,785,949	
732,418	252,225	
1,516,348	305,804	
	20,514	
	124,772	
	132,253	
	554,388	
4,482,099	3,316,086	

<u>PRODUCTION EXPENSES</u>	2025	2026	2027
Purchased Water	0	0	0
Fuel & Power	23,152	23,357	24,505
Chemicals	0	0	0
Waste Disposal	184,044	187,070	198,911
Total Production Costs	207,196	210,427	223,416

O&M LABOR & OVERHEAD

Labor	67,931	70,105	72,348
Pensions	0	0	0
Group Insurance	15,823	16,330	16,852
Other Benefits	6,136	6,332	6,535
Total Employee Related	89,890	92,767	95,735

Shared Governance and Service Fees

Shared Business Services	2,786	2,890	4,425
Contracted Services	8,878	9,124	9,380
Regulatory Expenses	0	0	3,622
Insurance Other Than Group	15,990	17,669	27,491
Customer Accounting	9,457	9,494	22,811
Rents	2,642	2,716	2,792
General Office Expense	1,797	1,847	1,898
Miscellaneous	363,212	373,273	383,751
Maintenance	20,293	20,855	21,441
Subtotal Misc	425,055	437,868	477,611

Depreciation & Reg Asset Amortization	80,778	80,772	186,120
Amortization	0	0	0
Depreciation and Amortization	80,778	80,772	186,120

General Taxes (Payroll and Property Taxes)	135,587	133,002	208,518
Gain on Sale/Purchase of Assets	0		
Impairment charges	0		
Total O&M Expense	722,141	741,062	796,762

Source:

2028	2029	2030
0	0	0
25,650	26,940	28,228
0	0	0
211,020	224,618	238,530
236,670	251,558	266,758

74,663	77,053	79,518
0	0	0
17,391	17,948	18,522
6,744	6,960	7,183
98,798	101,961	105,223

4,797	5,216	5,657
9,644	9,914	10,193
3,911	4,237	4,577
28,693	34,704	36,043
24,171	28,207	29,802
2,870	2,951	3,034
1,952	2,006	2,063
394,523	405,598	416,984
22,042	22,661	23,297
492,603	515,494	531,650

295,949	340,421	384,724
0	0	0
295,949	340,421	384,724

281,994	375,012	470,584
828,071	869,013	903,631

Account	Description	FMV per WAD Appraisal	Treatment Contracts	Total
353.00	Land & Land Rights	8,490		8,490
353.10	Treatment Contract	-		-
354.30	Stuctures & Improvements - Pumping	629,394		629,394
355.30	Generating Equipment - Pumping	81,977		81,977
360.10	Collection Sewers - Force - Mains	745,039		745,039
361.10	Collection Sewers - Gravity - Mains	5,396,758		5,396,758
361.20	Collection Sewers - Gravity - Manholes	634,628		634,628
363.00	Service Laterals	628,964		628,964
364.30	Flow Measuring Devices - Pumping	43,326		43,326
371.30	Pumping Equipment	319,291		319,291
380.40	Treatment and Disposal Equipment Chemi	217,870		217,870
389.30	Other Plant & Misc Equip	689,856		689,856

Subtotal

9,395,593

9,395,593

Purchase Price
Goodwill

Calculation

354.2

354.3

Fair Market Value	Depreciation	
	Rate	Annual Accrual
6,325	0.00	0
-	2.49	0
468,918	1.87	8,769
61,075	2.58	1,576
555,077	1.68	9,325
4,020,747	1.64	65,940
472,817	4.06	19,196
468,597	3.00	14,058
32,279	7.87	2,540
237,881	4.80	11,418
162,320	4.02	6,525
513,964	5.43	27,908
		0
		0
		0
		0
		0
7,000,000		167,255
7,000,000	Avg Rate	2.39
7,000,000		
-		

Decimal for the Account are not 100% n

7,102,668.00	2.6	184669.368
1,532,461.00	1.96	30036.2356

8,635,129.00 0.024864

214,705.60

214705.6036

2.49

Pennsylvania American - East Coventry Twp Sewer Acquisition

General Taxes

Output to Financial Statements 2025 2026

Income Statement

General Taxes	135,587	133,002
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2025 2026

Net Plant in Service	NBC	7,276,696	8,275,340
Gross Plant in Service	GBC	7,356,945	8,435,814
Real Estate Assessed Value	Real Estate	17,240,947	16,875,603
Usage (000 gal per year)	Usage	55,710	55,100
Revenues	Revenues	945,714	949,414
Capital	Capital	7,252,898	8,172,526

General Tax 1

Basis	Late Stage		
Rate	0.76%		
Factor	Real Estate		
% of Factor	100.00%		
Amount		130,186	127,428

General Tax 2

Basis	Revenue Based		
Rate	0.00%		
Factor	Revenues		
% of Factor	100.00%		
Amount		0	0

General Tax 3

Basis	Capital Based		
Rate	0.00%		
Factor	Capital		
% of Factor	100.00%		
Amount		0	0

General Tax 4

Rate	0.00%		
Factor	Revenues		
% of Factor	100.00%		
Amount		0	0

Payroll Taxes (From Labor Tab)

5,401

5,574

Total General Taxes

135,587

133,002



2027	2028	2029	2030
------	------	------	------

208,518 281,994 375,012 470,584

2027	2028	2029	2030
------	------	------	------

17,661,497 17,757,185 22,536,774 22,524,443
17,459,123 17,831,179 22,695,188 23,048,962
26,852,895 36,559,092 48,852,496 61,483,447
56,988 58,806 60,887 62,892
2,932,610 3,068,645 3,777,820 3,937,398
17,577,699 17,516,753 22,143,397 21,926,927

202,766 276,058 368,885 464,262

0	0	0	0
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0 0 0 0

0 0 0 0

5,752	5,936	6,126	6,322
208,518	281,994	375,012	470,584

**PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER SSS GENERAL OPERATIONS**

**TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE, AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WASTEWATER PLANT AS OF JUNE 30, 2025**

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	ORIGINAL COST AS OF JUNE 30, 2025 (3)	BOOK DEPRECIATION RESERVE (4)	FUTURE ACCRUALS (5)	CALCULATED ANNUAL ACCRUAL AMOUNT (6)	ACCRUAL RATE (7)=(6)/(3)	COMPOSITE REMAINING LIFE (8)	
DEPRECIABLE PLANT								
354.20	STRUCTURES AND IMPROVEMENTS - COLLECTION	45-R3	9,638,072.04	380,112	9,257,960	258,264	2.68	35.8
354.30	STRUCTURES AND IMPROVEMENTS - SPP	55-S0	22,145,494.03	9,170,329	12,975,165	415,073	1.87	31.3
354.40	STRUCTURES AND IMPROVEMENTS - TDP	55-S0	278,171,967.29	96,268,382	181,903,585	6,843,074	2.46	26.6
354.70	STRUCTURES AND IMPROVEMENTS - GENERAL	35-S1	9,518,398.04	673,908	8,844,490	353,457	3.71	25.0
355.00	POWER GENERATING EQUIPMENT	35-S0.5	7,252,880.16	3,456,913	3,795,967	187,100	2.58	20.3
360.10	COLLECTION SEWERS - FORCE MAINS	75-R3	49,789,141.45	5,734,022	44,055,119	838,439	1.68	52.5
361.10	COLLECTION SEWERS - GRAVITY MAINS	80-R2.5	241,305,992.79	54,970,487	186,335,506	3,964,341	1.64	47.0
361.20	MANHOLES	50-S2.5	44,127,470.70	14,433,486	29,693,985	1,789,417	4.06	16.6
363.00	SERVICES	47-R3	57,860,844.56	27,497,792	30,363,053	1,734,139	3.00	17.5
364.00	FLOW MEASURING DEVICES	15-L2.5	658,974.62	418,708	240,267	51,836	7.87	4.6
365.00	FLOW MEASURING INSTALLATIONS	25-S2	272,564.04	242,861	29,703	8,174	3.00	3.6
370.00	RECEIVING WELLS	50-R3	677,388.38	80,585	596,803	16,143	2.38	37.0
371.00	PUMPING EQUIPMENT	30-S0.5	22,891,460.37	2,894,563	19,996,897	1,099,655	4.80	18.2
380.00	TREATMENT EQUIPMENT	35-S1.5	171,064,219.15	33,395,194	137,669,025	6,876,677	4.02	20.0
381.00	PLANT SEWERS	50-R3	6,578,409.28	1,913,233	4,665,176	148,448	2.26	31.4
382.00	OUTFALL SEWER LINES	50-R3	2,522,078.78	98,934	2,423,145	61,464	2.44	39.4
389.10	OTHER PLANT AND MISCELLANEOUS EQUIPMENT - INTANGIBLES	20-S2.5	3,770,083.44	498,651	3,271,432	204,555	5.43	16.0
390.00	OFFICE FURNITURE AND EQUIPMENT	20-SQ	1,291,592.71	274,524	1,017,069	71,406	5.53	14.2
390.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTERS AND PERIPHERAL	5-SQ	45,090.00	13,053	32,037	8,009	17.76	4.0
391.00	TRANSPORTATION EQUIPMENT	14-L4	4,109,746.59	1,374,586	2,735,161	311,781	7.59	8.8
392.00	STORES EQUIPMENT	25-SQ	107,351.44	44,068	63,283	4,301	4.01	14.7
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	1,559,563.77	499,803	1,059,761	70,326	4.51	15.1
394.00	LABORATORY EQUIPMENT	15-SQ	584,121.32	193,788	390,333	57,988	9.93	6.7
395.00	POWER OPERATED EQUIPMENT	22-R2	1,606,793.05	101,924	1,504,869	106,761	6.64	14.1
396.00	COMMUNICATION EQUIPMENT	15-SQ	4,330,583.93	1,194,139	3,136,445	268,380	6.20	11.7
397.00	MISCELLANEOUS EQUIPMENT	15-SQ	2,834,406.51	567,764	2,266,643	175,185	6.18	12.9
398.00	MISCELLANEOUS EQUIPMENT	25-SQ	14,231.50	2,951	11,280	594	4.17	19.0
TOTAL DEPRECIABLE PLANT			944,728,919.94	256394760	688334159	25924987	2.74	
NONDEPRECIABLE PLANT								
352.00	FRANCHISES		221,139.78					
353.20	LAND AND LAND RIGHTS - COLLECTION		3,611,014.00					
353.30	LAND AND LAND RIGHTS - SPP		953,050.62					
353.40	LAND AND LAND RIGHTS - TDP		10,937,535.99					
TOTAL NONDEPRECIABLE PLANT			15,722,740.39					
AMORTIZATION OF NET SALVAGE					1,584,386			
TOTAL UTILITY PLANT			960,451,660.33	256394760	688334159	27509373		

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water :
Company under Sections 1102(a) and 1329 of :
the Pennsylvania Public Utility Code, 66 Pa :
C.S. §§ 1102(a) and 1329, for approval of (1) the :
transfer, by sale, to Pennsylvania-American Water :
Company, of substantially all of the assets, properties :
and rights related to the wastewater system owned and :
operated by the East Coventry Township, and (2) the :
rights of Pennsylvania- American Water Company to :
begin to offer or furnish wastewater service to the :
public in the Township of East Coventry, Chester :
County, Pennsylvania :

Docket No. A-2025-3053487, *et al.*

**DIRECT TESTIMONY OF
MARCUS KOHL, ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY**

Date: October 8, 2025

PAWC Statement No. 1

**DIRECT TESTIMONY OF
MARCUS KOHL**

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

2 **A.** My name is Marcus Kohl, and my business address is 852 Wesley Drive, Mechanicsburg,
3 PA 17055.

4

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

6 **A.** I am employed by Pennsylvania-American Water Company (“PAWC” or “Company”) as
7 Director of Business Development.

8

9 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF BUSINESS**
10 **DEVELOPMENT?**

11 **A.** I develop and maintain necessary contacts to stay abreast of new business opportunities.
12 I manage the acquisition from initial contact, responding to Requests for Qualifications,
13 Requests for Proposals, Requests for Bids, preparation of the Application for submission
14 to the Pennsylvania Public Utility Commission (“Commission”) through the workflows
15 required to close the acquisition. These responsibilities necessitate that I maintain a
16 working knowledge of regulatory and technical developments, recent technologies and
17 current trends as they affect water and wastewater utility industries, and that I be familiar
18 with legislation, regulations and public policy affecting business opportunities.

1 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.**

2 **A.** I received my Bachelor of Science in Speech Communications from Millersville
3 University in 2001. Prior to my role as Director of Business Development for PAWC, I
4 served as the Director for Water Quality and Environmental Compliance. In that role, my
5 primary responsibilities included the oversight of drinking water and wastewater
6 compliance and reporting, which included aiding operations staff in the application of
7 proper treatment techniques necessary to maintain compliance with applicable permits.
8 Before joining PAWC, I served in various roles, including leadership positions, within the
9 Pennsylvania Department of Environmental Protection (“DEP”). In my nearly 20 years
10 with DEP, I held roles in the Office of Water Management, including participation in the
11 development of policy, guidance, and regulations applicable to both drinking water and
12 wastewater. Much of my career with DEP was in the role of Director for the Northcentral
13 Region. In this capacity, I was responsible for all aspects of regulatory oversight for safe
14 drinking water, clean water, waste management, air quality, waterways engineering and
15 wetlands, and environmental cleanup and storage tanks programs within the 14-county
16 region. In this capacity, I supervised nearly 130 staff directly or indirectly.

17
18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**
19 **PUBLIC UTILITY COMMISSION?**

20 **A.** Yes, I have previously testified in prior Commission proceedings. The list of proceedings
21 in which I’ve provided testimony is attached.

1 DESCRIPTION OF THE APPLICATION

2 **Q. HAS PAWC FILED AN APPLICATION WITH THE COMMISSION FOR**
3 **REGULATORY APPROVAL TO ACQUIRE THE WASTEWATER SYSTEM**
4 **OWNED AND OPERATED BY EAST COVENTRY TOWNSHIP AND RELATED**
5 **APPROVALS?**

6 **A.** Yes. PAWC filed its Application on October 8, 2025 for approval of PAWC’s acquisition
7 of East Coventry Township’s (hereinafter, “East Coventry” or the “Township”) wastewater
8 system (the “System”). I will refer to the acquisition in my testimony as the “Transaction.”
9 The Application was prepared and filed under my direct supervision. As indicated in my
10 Verification attached to the Application, the Application and its numerous appendices are
11 true and correct to the best of my knowledge, information, and belief. We used PAWC
12 records, as well as the Township’s records, to prepare the Application. For purposes of
13 having a complete evidentiary record in this proceeding upon which the Commission can
14 base its decision, I submit the Application and all of its appendices (Appendices A through
15 K) as **PAWC Exhibit MK-1**. Certain appendices contain proprietary information and are,
16 therefore, labeled as **CONFIDENTIAL**.

17
18 **Q. WHAT IS PAWC SEEKING IN ITS APPLICATION?**

19 **A.** There are four requests. First, PAWC is requesting approval of the acquisition under
20 Section 1102 of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 1102, similar
21 to many requests that come before the Commission. Specifically, PAWC seeks approval
22 to acquire the System and to obtain the right to begin service in the areas currently served
23 by the Township (the “Service Area”). The Application contains a *pro forma* tariff

1 supplement under which the Township’s rates at the time of closing on the Transaction
2 (“Closing”) would be adopted.

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

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

15 Fourth, PAWC is seeking Certificates of Filing or approvals under Section 507 of
16 the Code, 66 Pa. C.S. § 507, for the APA and a separate municipal agreement between
17 PAWC and the Township.

18
19 **Q. IS PAWC PROPOSING THAT ITS APPLICATION BE EVALUATED USING THE**
20 **FAIR MARKET VALUE PROVISIONS OF SECTION 1329?**

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

1 base related to the System be based on the lesser of the average of the UVE fair market
2 value appraisals included in the Application or the APA purchase price.

3 **Q. WHAT DOES SECTION 1329 REQUIRE TO BE INCLUDED IN THE**
4 **APPLICATION?**

5 **A.** Section 1329 requires that the Application include (1) copies of the two UVE appraisals,
6 (2) the purchase price, (3) the ratemaking rate base, (4) the transaction and closing costs,
7 and (5) the proposed tariff. However, the Commission has expanded the filing
8 requirements beyond those specifically required by the statute.

9
10 **Q. WHAT DOES THE COMMISSION REQUIRE BE INCLUDED IN A SECTION**
11 **1329 APPLICATION?**

12 **A.** In its Final Supplemental Implementation Order entered February 28, 2019, at Docket No.
13 M-2016-2543193 (“2019 FSIO”), the Commission attached as Appendix A an extensive
14 list of specific Section 1329 “Filing Requirements” for items to include with an Application
15 for it to be processed in a six-month time frame. PAWC’s Application is structured around
16 those Filing Requirements. On July 2, 2024, the Commission issued a new Final
17 Supplemental Implementation Order (“2024 FSIO”) at the same docket, which modified
18 Appendix A and adopted a new Reasonableness Review Ratio (“RRR”). **Appendix A** to
19 the Application and its sub-appendices directly address each of the Filing Requirements.

20
21 **Q. WHAT IS A REASONABLENESS REVIEW RATIO?**

22 **A.** In the 2024 FSIO, the Commission explains that the RRR is a guidepost for analyzing and
23 making a final determination on the overall prudence of Section 1329 applications. A new

1 RRR will be set annually by the Commission. On August 9, 2024, the Commission issued
2 its first Report on the Reasonableness Review Ratio at Docket No. M-2024-3050303,
3 which established an RRR of 1.68. On April 1, 2025, the Commission updated the RRR
4 to 1.63. When considering if a 1329 application is prudent, the Commission will multiply
5 the depreciated original cost (“DOC”) of a system by 1.63 and compare it to the purchase
6 price of the system.

7 **Q. DID PAWC CONDUCT AN RRR ANALYSIS OF THIS TRANSACTION?**

8 **A.** No, not in advance of executing the APA. The APA was executed on February 7, 2024,
9 which was prior to the Commission’s issuance of the 2024 FSIO, and therefore, no RRR
10 analysis is required. However, PAWC’s purchase price of \$7 million for the Township’s
11 wastewater system is significantly below the RRR thresholds of 1.68 and 1.63. As
12 calculated by PAWC’s UVE witness Weinert, the depreciated original cost of the System
13 is \$8,399,671. When multiplied by an RRR of 1.63, the RRR price threshold for the System
14 is \$13,691,463.70. In other words, the RRR price threshold exceeds PAWC’s purchase
15 price of the System by \$6,691,463.73.

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

17 **Q. IS PAWC FILING AS PART OF ITS APPLICATION TESTIMONY PREPARED**
18 **BY THE TOWNSHIP?**

19 **A.** Yes. PAWC's Application includes (1) at **Appendix A-13-a**, the written direct testimony
20 of Ray Kolb, Supervisor for the Township; (2) at **Appendix A-13-b**, the written direct
21 testimony of the Township’s Engineer Bill Bohner; and (3) at **Appendix A-13-c**, the
22 Township’s selected UVE, Mr. Harold Walker III, Manager, Financial Studies, for Gannett
23 Fleming Valuation and Rate Consultants, LLC. PAWC is not sponsoring the testimony of

1 the Township's witnesses, but has included their testimony in the Application pursuant to
2 the 2019 FSIO and in anticipation of the Township's intervention and participation in the
3 proceeding. PAWC reserves the right to submit rebuttal testimony regarding the
4 Township's testimony, as appropriate.

5
6 **Q. PLEASE IDENTIFY THE OTHER PAWC WITNESSES WHO WILL BE**
7 **PROVIDING WRITTEN DIRECT TESTIMONY AND THEIR SUBJECT**
8 **MATTER AREAS.**

9 **A.** In addition to my direct testimony, PAWC will submit the written direct testimony of
10 Mr. Michael Guntrum, P.E., Senior Project Engineer for PAWC (PAWC Statement No. 2),
11 and Dr. Christina Chard, American Water Works Service Company, Senior Director of
12 Rates and Regulatory (PAWC Statement No. 3). PAWC is also sponsoring direct
13 testimony by its selected UVE, Mr. Jerome C. Weinert, Principal and Director of Weinert
14 Appraisal & Depreciation Services LLC, d/b/a AUS Consultants (PAWC Statement No.
15 4).

16 Mr. Guntrum will describe engineering and environmental challenges associated
17 with the System, support PAWC's technical fitness to operate the System, and explain
18 certain commitments and improvements to be made by PAWC. Mr. Guntrum will also
19 address the anticipated day-to-day operation of the System once it is acquired by PAWC,
20 including staffing and the customer service enhancements that PAWC intends to
21 implement for the benefit of the Township's customers. Dr. Chard will address the initial
22 rates, rules, and regulations for the Township's customers as well as the impact of the
23 Transaction on PAWC's existing customers. Dr. Chard will also discuss the financing of

1 the Transaction, recording the acquisition at the net value of the assets, and PAWC's overall
2 financial fitness. Mr. Weinert will provide supporting testimony for his fair market
3 valuation report.

4 **Q. ASIDE FROM AUTHENTICATING THE APPLICATION FOR ITS ADMISSION**
5 **INTO THE EVIDENTIARY RECORD AND IDENTIFYING ITS REQUESTS FOR**
6 **RELIEF, WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
7 **PROCEEDING?**

8 **A.** My direct testimony describes the Transaction. I will explain why the Transaction is in the
9 public interest and provides an affirmative public benefit of a substantial nature, and why
10 the Transaction should be promptly approved by the Commission. I will also discuss why
11 PAWC is legally, financially, and technically fit to acquire and operate the System.

12 **DESCRIPTION OF THE TRANSACTION**

13 **Q. TO THE BEST OF YOUR KNOWLEDGE, WHY DID THE TOWNSHIP WANT TO**
14 **SELL ITS SYSTEM?**

15 **A.** As further discussed by Mr. Kolb and Mr. Bohner, it is my understanding that the Township
16 primarily wanted to avoid significant future costs related to System expansion.
17 Specifically, the Township needs to address numerous failing on-lot disposal systems in
18 the southeastern corner of the Township. The sewerage of this community, Parker Ford,
19 has been identified as a “needs area” by DEP for over twenty years and the cost was
20 estimated at approximately \$18.5 million originally; however, more recent estimates
21 provided in 2025 placed the cost at \$27 million. The cost to existing and future residents
22 of Parker Ford in the form of rates would be significant, leading to the decision to explore
23 a sale. The Township wanted to ensure that the solution to the Parker Ford challenge was

1 one that was most efficient economically for the customers. In addition, the sale of the
2 system will allow the Township to eliminate existing debt, including an estimated \$5.4
3 million in sewer-related debt and \$800,000 in other Township debt, and increase future
4 financial flexibility for the Township. Further, the seller will be able to focus on other core
5 government services for which it is better equipped and can provide greater benefit to
6 Township residents. Finally, selling the system to PAWC provides the community with an
7 established utility provider that specializes in wastewater collection.

8 By selling the System, the Township and its customers will receive numerous
9 benefits, including:

10 • Low-income residents will have access to PAWC's customer assistance
11 programs that will help them pay bills.

12 • All of the Township's current long-term debt liability (approximately \$6.2
13 million at the time of making the decision to sell) will be eliminated.

14 • PAWC will complete the connection of residents in the Parker Ford
15 development to the rest of the Township's collection system, successfully implementing
16 the Act 537 Special Study that is currently under review by DEP and removing the
17 environmental contamination resulting from failing on-lot disposal systems.

18 • All Township employees involved in the operation of the System will be
19 offered employment with PAWC, subject to PAWC's existing standard hiring policies and
20 procedures.

21 **Q. PLEASE PROVIDE MORE DETAILS ON THE COSTS TO IMPLEMENT THE**
22 **ACT 537 SPECIAL STUDY AND HOW SELLING THE SYSTEM IS THE MOST**
23 **EFFICIENT SOLUTION FOR EAST COVENTRY CUSTOMERS.**

1 A. The Township completed a cost analysis addressing the failing on-lot systems and
2 additional expansion of the collection system to accommodate known and future growth.
3 The costs associated with the implementation of the Act 537 Special Study to address
4 pollution from the failing on-lot systems in Parker Ford was estimated by ARRO
5 Consulting, Inc. in 2021 to be around \$18,500,000. The cost estimates were updated in
6 June 2025 and are now estimated to cost a total of \$26,790,274. Among the options
7 available to the Township, this was identified as the most cost-effective. Other options
8 included constructing a new treatment facility or sending the flow to East Vincent
9 Township. Additional details of these options are included in the testimony of Mr. Bohner.

10 The Parker Ford development includes an estimated 384 existing properties. The
11 Act 527 Special Study cost, when allocated per property equaled \$48,177 per property
12 based on the 2021 estimated costs. The Township completed two rate impact scenarios
13 should they retain ownership of the system while implementing the Act 537 Special Study
14 to eliminate the failing on-lot systems. In one scenario the costs were spread among all
15 customers of the system, both existing and the new Parker Ford customers. Rates were
16 estimated to increase from \$61.66 per month to \$152.00 per month in the year 2035. In the
17 second scenario, the costs to sewer Parker Ford were only realized by the new Parker Ford
18 customers. In this scenario, rates for current residents were still expected to increase,
19 although only by a small amount, and the Parker Ford residents would have to pay
20 approximately \$65,000 upfront or a monthly bill of \$409. Based on the cost increase
21 between the 2021 estimate and the updated 2025 estimate, the customer impacts would
22 only increase. By selling the system, the costs necessary to implement the Act 537 Special
23 Study and eliminate the continuing pollution from the failing on-lot disposal systems can

1 be shared among the much larger customer base of PAWC. It is important to note that the
2 needs area the Act 537 Special Study addresses has been known and in need for
3 approximately 20 years. The expected cost of implementation has caused delays in both
4 the submission of the Special Study and ultimately its implementation.

5 **Q. PLEASE PROVIDE A DESCRIPTION OF THE TRANSACTION NEGOTIATION**
6 **PROCESS.**

7 **A.** This transaction was handled as a bid. East Coventry released the Request for
8 Qualifications on July 12, 2022, and PAWC responded on August 5, 2022. PAWC was
9 deemed qualified to bid. PAWC toured the facility on September 27, 2022, and proceeded
10 with our evaluation. PAWC participated in a pre-bid meeting on September 27, 2022. The
11 Township released the Request for Bids on February 16, 2023. Several modifications to
12 the Bid documents were made, the first on February 17 and the second on February 24,
13 2023. After completing our due diligence, PAWC submitted a bid on April 19, 2023.
14 Following the bid, PAWC participated in a post-bid conference on June 12, 2023, as the
15 Township decided between our bid and Aqua Pennsylvania Wastewater, Inc.'s bid of \$9
16 million. At the July 10, 2023, Township Supervisor's meeting, PAWC was selected as the
17 preferred bidder. On September 11, 2023, the Township unanimously approved the sale of
18 the system during their public meeting. Over the next several months, PAWC and the
19 Township negotiated the APA, which was executed on February 7, 2024.

20 **Q. DID THE TOWNSHIP OR PAWC ENSURE THAT RESIDENTS WERE**
21 **INFORMED ABOUT THE SALE AND HAD AN OPPORTUNITY TO ASK**
22 **QUESTIONS?**

1 **A.** Yes. All decisions related to the sale of the assets, including voting to request bids for the
2 sale of the system were public. On July 10, 2023, the Township held a public meeting to
3 present a summary of the bids received. The decision to select PAWC as the preferred
4 bidder was made at that meeting. Prior to entering into the APA, the Township held two
5 public open houses with PAWC at the Ridge Fire Company on July 26, 2023. The first was
6 from 1 to 3 pm and the second from 6 to 8 pm. Notice of the meetings was published in the
7 local paper, the Mercury, on Saturday, July 15, 2023 and published on the Township
8 Website calendar. The open houses were well attended with many residents coming to ask
9 questions of both the Township and PAWC staff.

10 **Q. PLEASE PROVIDE AN OVERVIEW OF THE APA.**

11 **A.** The APA is attached as **Appendix A-24-a** to the Application. The APA sets forth the terms
12 and conditions pursuant to which the Township will sell, and PAWC will purchase, the
13 System, as well as substantially all assets, properties and rights that Township owns and
14 uses in connection with the System. The APA sets forth the entire understanding of the
15 parties with respect to the Transaction. Under the APA, the Closing of the Transaction will
16 occur after the receipt of all applicable governmental approvals, including approvals from
17 this Commission, and after all applicable conditions have been met (or waived) by the
18 parties. Upon Closing, PAWC will take ownership of the System and begin rendering
19 wastewater services to the Township’s current customers and the Township will
20 permanently discontinue providing or furnishing wastewater service to the public.

21 **Q. PLEASE PROVIDE A SUMMARY OF THE APA'S PROVISIONS GOVERNING**
22 **THE TRANSFER OF ASSETS.**

1 A. The specific properties, assets and rights to be transferred to PAWC are defined and
2 described in the APA's Section 2.01, while the excluded assets are defined in Section 2.02
3 of the APA. Generally, the APA states that every asset, property, business, goodwill and
4 right owned by the Township and used in the provision of sanitary wastewater service,
5 whether real, personal, mixed, tangible or intangible, and including all the collection
6 system mains, property, equipment and facilities comprising the System owned by the
7 Township shall be conveyed to PAWC. The **CONFIDENTIAL** Engineering Assessment
8 (**Appendix A-15-a**) contains a list of the wastewater system inventory used in connection
9 with the System to be conveyed to PAWC. All interests in real estate, including leases,
10 easements and access to public rights-of-way, owned by the Township and relating to the
11 System are defined and described in Schedule 4.09, as well as all assigned contracts to be
12 conveyed to PAWC in Schedule 4.13.

13 **Q. ARE AGREEMENTS IN PLACE RELATED TO THE ONGOING TREATMENT**
14 **OF EAST COVENTRY'S WASTEWATER AT THE EXISTING NORTH**
15 **COVENTRY TOWNSHIP-OWNED TREATMENT PLANT?**

16 A. Yes, an agreement was executed on January 27, 2004, and remains in place between East
17 Coventry, the North Coventry Municipal Authority ("NCMA") and North Coventry
18 Township that establishes capacity for East Coventry and how treatment costs will be
19 shared between East Coventry and NCMA. I note that this agreement, which I refer to as
20 the "NCMA Agreement" contemplates assignment, but directs that NCMA shall approve
21 an assignment of East Coventry's interests in the agreement. To date NCMA, has refused
22 to consent to an assignment of the NCMA Agreement to PAWC. Unfortunately, NCMA's
23 refusal to consent to the assignment of the NCMA Agreement has escalated to litigation

1 due to NCMA's unwillingness to undertake reasonable and good faith consideration of the
2 proposed assignment to PAWC. I am further advised by counsel that the NCMA
3 Agreement can be assigned without consent from NCMA because the perpetual term of the
4 contract in conjunction with the unqualified consent requirement create an unenforceable
5 restriction on the ability of East Coventry to dispose of its own assets. Per counsel,
6 Pennsylvania courts have determined that for real property, as well as personal property,
7 perpetual restrictions on an owner's ability to dispose of property are contrary to
8 fundamental property rights and will be struck down. This argument will be more fully
9 supported by counsel in briefs filed in this proceeding as well as the ongoing litigation of
10 a Complaint filed by East Coventry against NCMA and North Coventry Township before
11 the Chester County Court of Common Pleas at Docket No. 2024-05838-MJ. Accordingly,
12 PAWC requests approval of the NCMA Agreement as the successor in interest to East
13 Coventry. The NCMA Agreement is included with the Application at **Appendix A-25-b.**

14 To the extent the Commission determines that an assignment shall not be
15 granted, either directly or conditionally, then PAWC will execute a Conveyance and
16 Allocation Agreement that conveys most of the responsibilities under the NCMA
17 Agreement from East Coventry to PAWC as it relates to treatment of the wastewater within
18 the Township. This agreement establishes how payments will be made from PAWC to East
19 Coventry while preserving the NCMA Agreement between East Coventry and NCMA. The
20 Conveyance and Allocation Agreement is included with the Application at **Appendix A-**
21 **25-c.**

22 **Q. PLEASE SUMMARIZE THE APA'S PROVISIONS GOVERNING THE**
23 **NEGOTIATED PURCHASE PRICE OF THE TRANSACTION?**

1 **A.** The consideration for the purchase of the System as set forth in Section 3.01 of the APA is
2 the negotiated purchase price of \$7,000,000. In addition, an amount to be determined will
3 be placed in a Missing Easement Escrow for all of the easements that are missing as of
4 Closing pursuant to Section 3.01(c) of the APA.

5 **Q. PLEASE DESCRIBE IN MORE DETAIL HOW MISSING EASEMENTS WILL BE**
6 **HANDLED AFTER CLOSING.**

7 **A.** As of the Closing Date, the Township will fund an easement escrow fund in the amount of
8 Two Thousand Dollars (\$2,000) for any easement that remains missing at Closing. APA
9 Section 6.05(e).

10 **Q. PLEASE EXPLAIN THE RATES THAT WILL APPLY TO THE TOWNSHIP'S**
11 **CUSTOMERS FOLLOWING THE CLOSING OF THE TRANSACTION.**

12 **A.** As will be explained more fully in the Direct Testimony of Dr. Christina Chard, PAWC
13 Statement No. 3, PAWC committed to implement, upon Closing of the Transaction, the
14 Township's wastewater rates then in effect at Closing.

15 Immediately upon Closing, the Township's customers will be subject to PAWC's
16 prevailing wastewater tariff on file with the Commission with respect to miscellaneous fees
17 and charges and rules and regulations for wastewater service. The Township's customers
18 will not be charged the DSIC until the effective date of PAWC's next Commission-
19 approved base rate increase. The Township's customers billing will change from quarterly
20 billing to being billed on a monthly basis. The monthly rates are shown in PAWC's *pro*
21 *forma* tariff in **Appendix A-12** to the Application.

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

1 A. Yes. PAWC has committed to meeting the obligations and commitments in the approved
2 official 537 plan, including the required improvements and upgrades to the system. My
3 colleague, Mr. Michael Guntrum, P.E., will discuss capital investment commitments in
4 greater detail in his written direct testimony, PAWC Statement No. 2. Mr. Guntrum also
5 will discuss anticipated day-to-day operation of the System once it is acquired by PAWC,
6 including staffing. PAWC has also agreed to request approval from the PUC to include as
7 part of its normal capital expenditures the costs to design and construct the wastewater
8 mains and associated equipment to provide wastewater service to the 384 existing
9 properties in the Parker Ford area as provided by the official 537 Special Study. This
10 commitment does not include obligations related to costs associated with the installation
11 of lateral lines to connect the properties or the decommissioning or removal of the failing
12 on-lot disposal systems.

13 **BACKGROUND INFORMATION ON PAWC AND THE SYSTEM**

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

15 A. PAWC, a subsidiary of American Water Works Company, Inc. (“American Water”), is the
16 largest regulated public utility corporation duly organized and existing under the laws of
17 the Commonwealth of Pennsylvania, engaged in the business of collecting, treating,
18 storing, supplying, distributing, and selling water to the public, and collecting, treating,
19 transporting and disposing of wastewater for the public. Water and wastewater services
20 are furnished by PAWC to the public in a service territory encompassing more than
21 417 communities in 37 counties. Overall, PAWC serves a combined population of over
22 2.3 million people across the Commonwealth and is American Water’s largest subsidiary.

1 PAWC currently employs approximately 1,150 professionals with expertise in all
2 areas of water and wastewater utility operations, including engineering, regulatory
3 compliance, water and wastewater treatment plant operation and maintenance, distribution
4 and collection system operation and maintenance, materials management, risk
5 management, human resources, legal, accounting, and customer service. PAWC has the
6 expertise, the record of environmental compliance, the commitment to invest in necessary
7 capital improvements and resources, and the experienced managerial and operating
8 personnel necessary to provide safe and reliable wastewater services to the residents of the
9 Service Area. In addition, PAWC currently provides water service to many of the
10 Township's wastewater customers.

11 PAWC takes pride in being a good corporate citizen by sponsoring and
12 participating in local community events, providing environmental and firefighting support
13 grants, offering the "H2O Help to Others Assistance Program" to help low-income
14 customers pay their bills, and supporting economic growth through infrastructure
15 improvements in the communities served by PAWC. In 2024, PAWC contributed over
16 \$1.4M to 325 organizations in our communities through grants, scholarships, general
17 charitable contributions and programming support and over \$754,000 to assist customers
18 in paying their water or wastewater bills. Through collaboration with the American Water
19 Charitable Foundation, the company helped provide an additional \$669,200 in funding to
20 approximately 462 non-profit organizations across Pennsylvania. Grant opportunities are
21 available to non-profit organizations operating or located within communities served by
22 PAWC through the Foundation's Keep Communities Flowing grant program.

1 Financial support is not the only way PAWC supports the communities it serves.
2 Through partnerships, programming and volunteerism, the Company demonstrates its
3 commitment to being a good neighbor. In fact, in 2024 employees dedicated nearly 2,000
4 hours to volunteering in or around communities that we serve. The Company and its
5 dedicated employees play active roles in supporting environmental and education
6 initiatives related to water, from watershed clean-ups to educational programs focused on
7 drinking water and source water protection, as well as supporting youth education, health
8 and wellness initiatives, community sustainability projects and more to address
9 community-specific needs, PAWC is eager to partner with municipalities in the Service
10 Area in providing a sustainable long-term future for the System. Customers of the System
11 will benefit from a stable company with a robust business model and reliable service.
12

13 **Q. HOW MANY CUSTOMERS DOES THE SYSTEM CURRENTLY SERVE AND**
14 **HOW MANY CUSTOMERS DOES PAWC CURRENTLY SERVE**

15 **A.** As of September 25, 2025, the System furnished wastewater services to approximately 966
16 residential, commercial, public and mixed-use connections for a total of 1,235 EDU and
17 approximately 1,504 indirect customers. As of August 31, 2025, PAWC furnished
18 wastewater service to approximately 116,367 residential, commercial, industrial,
19 municipal and bulk customers in Pennsylvania. Additionally, as of August 31, 2025,
20 PAWC furnished water service to approximately 694,673 customers in Pennsylvania.

1 **THE TRANSACTION IS IN THE PUBLIC INTEREST**

2 **Q. PLEASE EXPLAIN WHY THE PROPOSED TRANSACTION IS IN THE PUBLIC**
3 **INTEREST.**

4 **A.** The Transaction will result in an affirmative public benefit of a substantial nature. The
5 largest benefit of the transaction is the minimization of rate impacts to the current and
6 future customers of the system as a result of the implementation of the Act 537 Special
7 Study. As noted previously, that plan requires the installation of a sewer system in the
8 Parker Ford area to address numerous failing on-lot disposal systems. The costs associated
9 with the installation of this new conveyance system are significant, estimated at \$18.5
10 million, and should the Township and its residents make the improvements on their own,
11 the costs are significant. By selling the system and allowing a much larger and financially
12 capable utility to complete the project, the costs of the improvements will be spread over a
13 much larger customer base, resulting in a reduction in future rates for the current and future
14 ratepayers of the Township. Further, the failing on-lot disposal systems represent ongoing
15 environmental pollution to waters of the Commonwealth. This is why the Township
16 completed the Act 537 Special Study that requires them to be addressed through removal.
17 PAWC is capable of implementing the selected Act 537 Special Study more efficiently and
18 sooner than the Township as it is a sophisticated water and wastewater utility and has
19 greater access to capital for system improvements. Addressing the failing on-lot systems
20 in the most expeditious manner eliminates ongoing pollution to waters of the
21 Commonwealth sooner.

22 PAWC, as a large and long-established public utility, has the managerial, technical,
23 and financial fitness to operate the System in a safe and efficient manner in compliance

1 with the Code, the Pennsylvania Clean Streams Law, and all other applicable statutory and
2 regulatory requirements. PAWC has extensive experience in the operation of wastewater
3 collection systems. PAWC continues to develop expertise for the benefit of the
4 Commonwealth through its operation of 38 wastewater treatment plants providing service
5 to approximately 115,073 customers in Pennsylvania.

6 Second, the Township's current customers will benefit in several ways from
7 becoming PAWC wastewater customers. Approximately 71% of East Coventry customers
8 are already PAWC water customers. For those customers, the reduction to one bill is a
9 benefit as they currently receive two. All customers will gain increased bill payment
10 options and extended hours for customer service calls for issues related to wastewater
11 service. As inflation continues to put pressure on families as the balance paying bills with
12 purchasing daily essentials, monthly billing allows for smaller payments and better budget
13 control for customers. As was noted earlier, PAWC is a large, financially-sound company
14 that has the capacity to finance necessary capital additions and improvements that will
15 benefit its customers. In addition, given its size, its access to capital, and its recognized
16 strengths in system planning, capital budgeting, and construction management, PAWC is
17 well-positioned to ensure that wastewater is collected and conveyed in a manner that meets
18 all applicable state and federal regulatory requirements prior to treatment at the North
19 Coventry treatment facility. There is also a general public benefit of PAWC being subject
20 to the jurisdiction of the Commission, which requires PAWC to provide adequate, efficient,
21 safe and reliable service at just and reasonable rates. Currently, the Township has no such
22 regulatory oversight.

1 The Township's current customers will benefit from the enhanced and proven
2 customer service that PAWC provides. My colleague, Mr. Michael Guntrum, P.E.,
3 discusses these customer service enhancements in more detail in PAWC Statement No. 2.
4 Nevertheless, I would like to note that they include, but are not limited to, extended
5 customer service and call center hours, enhanced customer information and educational
6 programs and access to PAWC's customer assistance programs. Additionally, through
7 community giving, partnerships and volunteering, PAWC demonstrates its commitment to
8 programs that address community-specific needs. One example is PAWC's H2O – Help
9 to Others Program, which for more than twenty-five years has assisted low-income
10 customers. In 2011, the program was expanded to include wastewater customers. My
11 colleague, Dr. Christina Chard, will provide more details about these programs in her
12 testimony. PAWC Statement No. 3.

13 Fourth, residents of the area will benefit from the tax revenues that PAWC will pay
14 to municipal governments in the area. The Township's facilities are not subject to tax.
15 Utility operational costs are higher, in part, due to these expenses, but there is a public
16 benefit of having more private property on the tax rolls as a result of the Transaction. As
17 was noted in the testimony of Mr. Kolb, the Township has had a shrinking tax base, which
18 has both resulted in tax increases for residents and modifications of services provided. Our
19 tax revenues will aid in offsetting these increases.

20 Fifth, the proceeds of the sale of the assets will aid in stabilizing the financial
21 situation of the Township. The proceeds will be used to eliminate existing debt and increase
22 future financial flexibility for the Township. It will also allow the Township to focus on

1 other core government services and turn over the day-to-day operation of the collection
2 system to an established and capable utility.

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

16 We also agree with the Company’s argument that, in the
17 circumstances, applying Section 1311(c) in conjunction with Section 1329
18 is in the public interest because otherwise, larger viable public utilities
19 would be discouraged from acquiring municipal and wastewater systems
20 and contravene the legislative intent and the Commission’s policy of
21 encouraging consolidation and regionalization.

22 *Pa. Pub. Util. Comm’n v. PAWC*, Docket Nos. R-2020-3019369, *et al.* (Opinion and Order
23 entered Feb. 25, 2021) p. 82.

24 There is also a clear legislative intent associated with Section 1329 and its
25 allowance of fair market valuation for ratemaking purposes. The General Assembly
26 intended to facilitate the acquisition of municipal water and wastewater systems by

1 investor-owned utilities for the benefit of municipal corporations and their residents.
2 Several of these benefits to the customers of the Township, and the citizens residing in the
3 area, are described in the direct testimony of the Township, and PAWC's witnesses.

4 **Q. PLEASE EXPLAIN WHY THE TRANSACTION WOULD FOSTER THE**
5 **COMMISSION'S GOAL OF PROMOTING THE REGIONALIZATION AND**
6 **CONSOLIDATION OF WASTEWATER SYSTEMS?**

7 **A.** The acquisition fosters the Commission's stated goal of consolidating and regionalizing
8 water and wastewater systems to provide greater environmental and economic benefits to
9 customers. My colleague, Mr. Michael Guntrum, P.E., discusses this in detail in his
10 testimony. PAWC Statement No. 2. After Closing, PAWC will manage the East Coventry
11 collection system with the same management and support teams that oversee its Royersford
12 wastewater operations. The System is only located a few miles from PAWC's Royersford
13 Wastewater Treatment Plant. PAWC can draw upon a much broader range of engineering
14 and operational experience than can the Township, which will be especially beneficial as
15 the selected Act 537 Special Study is implemented. PAWC's deeper financial resources
16 will aid in operation of the existing system and especially in addressing the construction of
17 the new collection system to address the failing on-lot systems. Further, PAWC is well
18 equipped to ensure the collection system is able to support growth and development and
19 maintained in a manner that ensures compliance with applicable environmental
20 regulations. Additionally, some of the System is within the existing PAWC water
21 footprint. This will allow for better coordination of construction projects, more efficient
22 repairs of infrastructure, and the provision of utility services on a long-term, cost-effective
23 basis.

1 **Q. DOES THE REGIONALIZATION AND CONSOLIDATION OF WASTEWATER**
2 **SYSTEMS BENEFIT THE PUBLIC?**

3 **A.** Yes, it does. I am advised by counsel that the Commission has a Statement of Policy at
4 52 Pa. Code § 69.721, which states that the Commission believes that further
5 regionalization and consolidation of water and wastewater systems may result in greater
6 environmental and economic benefits to customers. Regionalization and consolidation
7 have economic benefits for customers because they allow better management practices and
8 greater economies of scale. Examples of economies of scale include:

- 9 • PAWC’s ability to obtain supplies (such as mains, treatment chemicals and
10 purchased power costs (electricity, natural gas and diesel fuel) at lower rates
11 because it is able to buy in bulk.
- 12 • PAWC’s size gives it greater purchasing power, allowing it to negotiate
13 better rates for purchases than the System.
- 14 • PAWC can move equipment (such as emergency generators, portable
15 pumps, excavating equipment, and vacuum-jetter trucks) around its system,
16 whereas the Township currently must buy or rent any equipment it needs.
- 17 • PAWC’s size allows it to spread fixed costs across a larger asset platform
18 and customer base.
- 19 • PAWC’s staffed engineering department allows it to perform planning and
20 design construction management services internally rather than contracting
21 the work out at higher cost to consulting engineers.

22 In addition, regionalization and consolidation have environmental benefits for customers
23 and the public-at-large. Small public utilities and local water and wastewater providers are
24 challenged in keeping up with a changing regulatory landscape and with necessary
25 investment in the system. The Township has numerous failing on-lot disposal systems that
26 are resulting in ongoing pollution to waters of the Commonwealth. Implementing the
27 selected Act 537 Special Study as quickly as possible, which PAWC is more capable of
28 doing, will result in long-term environmental improvement. PA DEP recognizes that
29 addressing failing on-lot systems is necessary to ensure that local waterways are protected

1 from the discharge of sewage from these systems. Consolidation promotes the acquisition
2 of the system by qualified system operators with the ability to meet established compliance
3 deadlines and increasingly stringent environmental requirements in the future.

4 **PAWC’S LEGAL, FINANCIAL AND TECHNICAL FITNESS**

5 **Q. PLEASE TELL US WHY PAWC IS LEGALLY FIT TO ACQUIRE AND**
6 **OPERATE THE SYSTEM.**

7 **A.** PAWC is a Commission-regulated public utility with a good compliance history. There
8 are no pending legal proceedings that would suggest that PAWC is not legally fit to provide
9 service to customers on the Township’s System.

10
11 **Q. CAN YOU EXPLAIN WHY PAWC IS FINANCIALLY FIT TO ACQUIRE AND**
12 **OPERATE THE SYSTEM?**

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

15 As part of the Application, PAWC provided the audited internal balance sheet, as
16 of December 31, 2024 for PAWC (**Appendix D**), as well as the audited income statement,
17 as of December 31, 2024, for PAWC (**Appendix F**). Those documents show that PAWC
18 had total assets of approximately \$7.9 billion as of December 31, 2024. Further, they show
19 that PAWC had operating income of approximately \$498 million and net income of
20 approximately \$314 million for the 12 months ending December 31, 2024. These figures
21 further demonstrate that PAWC has the financial stability and wherewithal to acquire the
22 System and operate it in the public interest. My colleague, Dr. Christina Chard, will

1 provide additional details on the financial health of PAWC and its ability to access capital
2 in PAWC Statement No. 3.

3
4 **Q. PLEASE EXPLAIN WHY PAWC IS TECHNICALLY FIT TO OPERATE THE**
5 **SYSTEM.**

6 **A.** As I discussed earlier, PAWC is engaged in the business of collecting, treating, transporting
7 and discharging wastewater for the public. PAWC is the largest investor-owned water and
8 wastewater utility in the Commonwealth of Pennsylvania and PAWC already has
9 significant water and wastewater operations throughout Pennsylvania. PAWC is
10 experienced in undertaking and completing water and wastewater system acquisitions with
11 public and private sector owners and successfully integrating those assets into our business
12 operations. In fact, PAWC is often called upon by the Commission to step in and resolve
13 troubled water and wastewater systems (such as the East Dunkard Water Authority, the
14 Delaware Sewer Company, the Winola Water Company, and Rock Spring Water
15 Company), resolving compliance issues, and providing the high standard of service that
16 customers expect and deserve. My colleague, Mr. Michael Guntrum, P.E., will explain in
17 greater detail in PAWC Statement No. 2 how PAWC intends to operate the System once
18 acquired.

19 **DESCRIPTION OF THE SERVICE AREA**

20 **Q. PLEASE EXPLAIN THE SERVICE AREA SOUGHT BY PAWC IN THE**
21 **APPLICATION.**

22 **A.** As part of its Application, PAWC is seeking the right to provide service to the customers
23 currently served by the Township as shown in the maps and descriptions attached as

1 **Appendices A-16-a through e and A-16-f (CONFIDENTIAL).** No municipal
2 Township, corporation, partnership or individual other than the Township is now
3 furnishing or has corporate or franchise rights to furnish service similar to that to be
4 rendered by PAWC in the Service Area covered by the Application, and no competitive
5 condition will be created. As discussed above, upon Closing of the Transaction, the
6 Township will permanently discontinue all wastewater service to the public.

7 **APPROVAL OF CONTRACTS WITH MUNICIPAL CORPORATIONS**

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

10 **A.** Yes. In addition to the approvals sought under Sections 1102(a) and 1329 of the Public
11 Utility Code, 66 Pa. C.S. §§ 1102(a), 1329, the Application requests Certificates of Filing
12 or approvals under Section 507 of the Code. 66 Pa. C.S. § 507. According to PAWC's
13 counsel, the APA and any contract with a municipal corporation that will be assumed by
14 PAWC must be filed with the Commission pursuant to Section 507. In addition to the APA,
15 PAWC identified three contracts requiring a Certificate of Filing or approval under Section
16 507 (see **Appendix A-25-b-c**).

17 **Q. PLEASE DESCRIBE THE MUNICIPAL CONTRACTS TO BE EXECUTED BY**
18 **PAWC.**

19 **A.** The Application requests Commission approval under Section 507 of a Land
20 Development and Financial Security Agreement between East Coventry and Frickslock
21 Ventures LLC, the NCMA Agreement, and the *Pro Forma* Conveyance and Allocation
22 Agreement between East Coventry and PAWC.

23 The Development Agreement addresses the terms and conditions for development of a

1 residential community within the Township. The terms therein relate to developer and
2 municipal responsibilities and obligations concerning planning and construction of
3 roadways, stormwater facilities, sanitary sewer facilities, water facilities, vegetation and
4 other improvements. At Closing, PAWC will accept a partial assignment of the
5 Township's rights and obligations under the Development Agreement related to the
6 applicable sanitary sewer assets. The Township's interests and obligations under the
7 agreement are otherwise preserved.

8 As described above, the NCMA Agreement establishes the terms and conditions for
9 conveyance of the wastewater within the Township to NCMA's wastewater treatment
10 plant. Upon resolution of a dispute related to assignment language in the NCMA
11 Agreement, East Coventry's obligations under this agreement will be assumed by PAWC
12 at Closing. In the unlikely event that the NCMA Agreement is not assigned to PAWC,
13 the *Pro Forma* Conveyance and Allocation Agreement conveys most of the
14 responsibilities from the Township to PAWC as it relates to treatment of the wastewater
15 within the Township. This agreement establishes how payments will be made from
16 PAWC to the Township based on the billing framework between East Coventry and the
17 North Coventry Municipal Authority if PAWC does not assume East Coventry's
18 obligations under the NCMA Agreement. Finally, this agreement conveys all of the
19 Township's treatment capacity to PAWC.

20 Commission approval of this contract, which would be executed at Closing, is
21 necessary for PAWC to provide wastewater service as the Township has previously done.
22 Approval is reasonable and serves an important public purpose because the service
23 provided under the contract is essential to the provision of wastewater service in this

1 community. To the extent that PAWC renegotiates any contracts with municipalities,
2 PAWC will promptly file such contracts for Commission approval under Section 507.

3 **CONCLUSION**

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

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

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

15. Plant In Service

- a. Provide an inventory of the used and useful plant assets to be transferred. Identify separately any utility plant that is held for future use¹.

RESPONSE: a. See the Engineer’s Assessment attached as **CONFIDENTIAL Appendix A-15-a**² that identifies assets to be transferred as required by 66 Pa.C.S. § 1329(a)(4).

AMENDED RESPONSE:

- a. Please see Amended Engineer’s Assessment attached as **CONFIDENTIAL Amended Appendix A-15-a**.

¹ The inventory is to be developed from available records, maps, work orders, debt issue closing documents funding construction projects, and other sources to ensure an accurate listing of utility plant by utility account.

² Please note, the Engineering Assessment is **CONFIDENTIAL** due to the depiction of East Coventry’s location of their facilities.

**Application of Pennsylvania-American Water Company for Acquisition of the
Wastewater Assets of East Coventry Township (“East Coventry”) 66 Pa. C.S.
§1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

AMENDED APPENDIX A-15a

CONFIDENTIAL

Engineering Assessment

CONFIDENTIAL

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater**

Docket No. A-2025-3053487

15. Plant In Service

- c. State the DEP-permitted productive or treatment capacity of sources or treatment facility and the pipe sizes and material used for construction for all transmission and distribution or collection facilities.

RESPONSE: c. See Direct Testimony of Michael J. Guntrum, P.E., PAWC Statement No. 2, at pp. 2-3 enclosed at **Appendix A-14-a**.

AMENDED RESPONSE:

- c. The DEP permitted capacity for each pump station is as follows:

Pump Station	Permitted Peak Capacity with 1 pump out of service (gpd)
PS-1 *	1,728,000
PS-2	72,000
PS-3	410,400
PS-4	144,000
PS-5	44,100

* PS –1 has three (3) pumps and was designed and permitted to have two (2) operating simultaneously with the third pump as stand-by.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater**

Docket No. A-2025-3053487

18. Rates.

a. State the current rates of the seller.

RESPONSE: a. As indicated in the resolution attached hereto as **Appendix A-18-a.1**, East Coventry customers are currently charged a quarterly rate of One Hundred Eighty-Five Dollars (\$185.00) per EDU.

AMENDED RESPONSE a. As indicated in the resolution attached hereto as **Appendix A-18-a.1**, East Coventry customers are currently charged a quarterly rate of Two Hundred Five Dollars (\$205.00) per EDU.

EAST COVENTRY TOWNSHIP
BOARD OF SUPERVISORS
CHESTER COUNTY, COMMONWEALTH OF PENNSYLVANIA
RESOLUTION NO. 2025-30

A RESOLUTION ESTABLISHING A NEW SEWER RENTAL FEE TO BE PAID BY THE OWNER OF ANY IMPROVED PROPERTY CONNECTED, OR REQUIRED TO BE CONNECTED, TO PUBLIC SANITARY SEWAGE SYSTEMS WITHIN EAST COVENTRY TOWNSHIP BEGINNING IN THE 2026 CALENDAR YEAR AND CONTINUING THEREAFTER UNTIL THE BOARD OF SUPERVISORS TAKES SUBSEQUENT ACTION.

WHEREAS, Part 3, entitled "Public Sanitary Sewage System Ordinance of East Coventry Township," of Chapter 18 of the Township of East Coventry Code of Ordinances, provides for the required or permitted connection with and use of public sanitary sewage systems by certain improved properties within the Township; and

WHEREAS, Section 310 of said Part 3 provides for the payment of a monthly, quarterly, semi-annual or annual sewer rental fee, as shall be adopted from time to time by resolution of the Board of Supervisors of the Township, by the owner of any improved property connected, or required to be connected, to public sanitary sewage systems; and

WHEREAS, Section 2511 of the Second Class Township Code, 53 P.S. § 67511, as well as Sections 1 and 2 of the Sewer Rental Act, 53 P.S. §§ 2231 and 2232, authorize the Board of Supervisors of the Township to charge the said sewer rental fee; and

WHEREAS, the Board of Supervisors adopted Resolution No. 2010-37 establishing a quarterly sewer rental fee in the amount of \$175, and by Resolution No. 2020-19, increased said sewer rental fee to \$185; and

WHEREAS, the Township has, from time to time, increased the sewer rental fee based on analysis of revenues and expenses associated with maintenance and operation of the maintenance system by Resolution; and

WHEREAS, a recent analysis of revenues and expenses associated with the maintenance and operation of the sewer system has resulted in a recommendation to increase the quarterly sewer rental fee to \$205; and

WHEREAS, the Board of Supervisors of the Township desires, by this Resolution, to establish a new sewer rental fee in the amount of \$205 per quarter beginning in the 2026 calendar year and continuing thereafter until the Board of Supervisors takes subsequent action.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Board of Supervisors of East Coventry Township, Chester County, Pennsylvania, as follows:

SECTION I Authority; Short Title.

A. This Resolution is adopted pursuant to and in accordance with: Section 310 of the Public Sanitary Sewage System Ordinance; Section 2511 of the Second Class Township Code, 53 P.S. § 67511; and Sections 1 and 2 of the Sewer Rental Act, 53 P.S. §§ 2231 and 2232.

B. This Resolution shall be known and may be cited as the “Sewer Rental Fee Resolution of East Coventry Township.”

SECTION II Definitions.

A. The following phrase appearing in this Resolution shall have the meaning indicated in this Subsection, except where the context specifically and clearly indicates otherwise:

PUBLIC SANITARY SEWAGE SYSTEM ORDINANCE
shall mean Part 3, entitled "Public Sanitary Sewage System Ordinance of East Coventry Township," of Chapter 18 of the Township of East Coventry Code of Ordinances, as amended.

B. Except as may otherwise be provided herein and/or if the context clearly indicates otherwise, all words and phrases appearing in this Resolution which also appear in the Public Sanitary Sewage Ordinance, shall have the meaning in this Resolution as in said Ordinance.

SECTION III Sewer Rental Fee.

A. Beginning in the calendar year 2026, a sewer rental fee, to be paid by the Owner of any Improved Property connected, or required to be connected under the Public Sanitary Sewage Ordinance, to the Public Sewer, is hereby established at the quarterly rate of Two Hundred Five Dollars (\$205.00) per EDU allocated to the Improved Property pursuant to the EDU Allocation Resolution.

B. The sewer rental fee shall be billed quarterly in arrears. The face amount of the bill shall be payable in full within thirty (30) days from its date.

SECTION IV Effective Date.

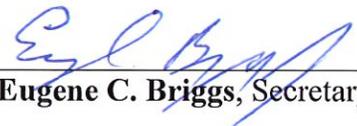
This Resolution shall be effective January 01, 2026, and shall continue in full force and effect until such time as the Board of Supervisors takes subsequent action.

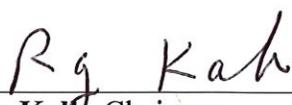
SECTION V Repealer.

All other ordinances and resolutions or parts thereof as they are inconsistent with this Resolution are hereby deleted, rescinded and repealed.

ADOPTED at the public meeting of the East Coventry Township Board of Supervisors held on this 8th day of December, 2025.

**BOARD OF SUPERVISORS OF
EAST COVENTRY TOWNSHIP**

Attest: 
Eugene C. Briggs, Secretary

By: 
Ray Kolb, Chairman

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater**

Docket No. A-2025-3053487

18. Rates.

- d. Provide a copy of the notification which will be sent by the Buyer to affected customers describing the filing and the anticipated effect on rates, including:
 - i. For the Seller’s customers, the overall dollar and percentage rate impacts implicated from stand-alone rates that recover the Buyer’s estimated annual gross revenue requirement for the acquired system from the Seller's customers.
 - ii. For the Buyer’s customers, the overall dollar and percentage rate impacts implicated from the following rates: (1) for **water** applications, rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water customers, or (2) for **wastewater** applications, both water and wastewater rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water and wastewater customer, respectively.
 - iii. Clear, plain language information about rate impacts.
 - iv. A statement that any promise to freeze rates may be unenforceable.

RESPONSE:

- i.-iii. Attached is a notice that will be sent by PAWC to its water and wastewater customers upon conditional acceptance of the Application. Also, attached is a notice that will be sent to System customers. Both notices are attached as **Appendix A-18-d**.
- iv. Not applicable.

AMENDED RESPONSE:

- i.-iii. Attached is a notice that will be sent by PAWC to its water and wastewater customers upon conditional acceptance of the Application. Also, attached is a notice that will be sent to

Amended Appendix A-18-d

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater**

Docket No. A-2025-3053487

System customers. Both notices are attached as **Amended
Appendix A-18-d.**

iv. Not applicable.

Amended Appendix A-18-d

Bill Onsert for Current Customers

NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2025-3053487)

Dear Customer:

On _____, the Pennsylvania Public Utility Commission (“PUC”) conditionally accepted for filing the application of Pennsylvania-American Water Co. (“Pennsylvania-American” or “PAWC”) for approval to acquire the wastewater system assets owned and operated by the Township of East Coventry (“East Coventry”). East Coventry serves approximately 1,235 customers in Chester County. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$7 million to Pennsylvania-American’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 many components used to establish customer rates.

PAWC periodically makes applications to the PUC for newly acquired systems, which requires PAWC to send these types of notices. This notice is specific to the East Coventry acquisition. PAWC is not requesting a rate increase in this acquisition proceeding. Accordingly, this acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including new East Coventry wastewater customers. Your current rates will not change as a result of this acquisition until the conclusion of Pennsylvania-American’s first base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. At that time, based on a preliminary analysis of the potential rate impacts, PAWC estimates that the rates of the average customer could increase. The amount of the increase will be determined in PAWC’s next base rate case and will be dependent on how the PUC chooses to apportion the increase among PAWC’s acquired and existing customers. The tables below present non-binding estimated incremental rate effects of the proposed rate base addition on PAWC’s existing water and wastewater customers.

Water Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	\$0.08	0.10%
Commercial	22,094 gal/month	\$0.42	0.10%
Industrial	685,947 gal/month	\$8.86	0.10%

Wastewater Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	\$0.44	0.40%
Commercial	22,094 gal/month	\$2.09	0.40%
Industrial	685,947 gal/month	\$60.47	0.40%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers. For Pennsylvania-American customers in a rate zone other than Rate Zone 1, the potential rate impact could vary from the chart above.

PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American's request by:

1. Sending a letter to the PUC. You can tell the PUC why you support or object to the application 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 of Pennsylvania-American's transaction and if 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. 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 Pennsylvania-American's counsel at:

Adeolu A. Bakare, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
Telephone: 717-237-5290
Email: abakare@mcneeslaw.com

The documents filed in support of the application are available on the PUC's website at www.puc.pa.gov, and 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, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2025-3053487. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

Direct Mailing to East Coventry Customers

NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2025-3053487)

On _____, the Pennsylvania Public Utility Commission (“PUC”) conditionally accepted for filing the application of Pennsylvania-American Water Co. (“Pennsylvania-American” or “PAWC”) for approval to acquire the wastewater system assets owned and operated by the Township of East Coventry (“East Coventry”). East Coventry serves approximately 1,235 customers in Chester County. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$7 million to Pennsylvania-American’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 many components used to establish customer rates.

PAWC periodically makes applications to the PUC for newly acquired systems, which requires PAWC to send these types of notices. This notice is specific to the East Coventry acquisition. PAWC is not requesting a rate increase in this acquisition proceeding. Accordingly, this acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including new East Coventry wastewater customers. Your current rates will not change as a result of this acquisition until the conclusion of Pennsylvania-American’s first base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. At that time, based on a preliminary analysis of the potential rate impacts, PAWC estimates that the rates of the average customer could increase. The amount of the increase will be determined in PAWC’s next base rate case and will be dependent on how the PUC chooses to apportion the increase among PAWC’s acquired and existing customers. The tables below present non-binding estimated incremental rate effects of the proposed rate base addition on PAWC’s existing water and wastewater customers.

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	\$44.41	65.0%
Commercial	22,094 gal/month	\$44.41	65.0%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers. For Pennsylvania-American customers in a rate zone other than Rate Zone 1, the potential rate impact could vary from the chart above.

PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American’s request by:

1. Sending a letter to the PUC. You can tell the PUC why you support or object to the application 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 of Pennsylvania-American’s transaction and if 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. 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 Pennsylvania-American's counsel at:

Adeolu A. Bakare, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
Telephone: 717-237-5290
Email: abakare@mcneeslaw.com

The documents filed in support of the application are available on the PUC's website at www.puc.pa.gov, and 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, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2025-3053487. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater**

Docket No. A-2025-3053487

24. Asset Purchase Agreement (APA).
- a. Provide a copy of the APA that is signed by all parties.

RESPONSE: a. See enclosed Asset Purchase Agreement between East Coventry Township, as Seller, and Pennsylvania-American Water Company, as Buyer, dated February 7, 2024, attached as **Appendix A-24-a**.

AMENDED RESPONSE:

- a. See **Amended Appendix A-24-a** for a full copy of the Asset Purchase Agreement between East Coventry Township as Seller, and Pennsylvania-American Water Company, as Buyer, dated February 7, 2024, including all exhibits.

Amended Appendix A-24-a

ASSET PURCHASE AGREEMENT

By and Among

Township of East Coventry, Chester County

As Seller

and

Pennsylvania-American Water Company

As Buyer

Dated as of February 7, 2024

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of February 7, 2024 (the “Effective Date”), is made and entered into by and between the Township of East Coventry, Chester County, a body corporate and politic, organized under the Pennsylvania law, (the “Seller” or the “Township”), and Pennsylvania-American Water Company, (the “Buyer”), a Pennsylvania corporation.

WITNESSETH:

WHEREAS, Seller, acting by and through the Board of Supervisors of East Coventry Township, Chester County (the “Municipal Board”) owns and operates a sanitary wastewater collection and conveyance system (the “System”) that provides sanitary wastewater service to various customers in East Coventry Township (the “Service Area”); and

WHEREAS, Buyer is, or as of the Closing Date will be, a regulated public utility that furnishes wastewater service to the public in Pennsylvania; and

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

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

ARTICLE I.

DEFINITIONS

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

“**Abstractor**” has the meaning specified in Section 6.05(a).

“**Accounts Receivables**” means all accounts or notes receivable held by Seller, and any security, claim, remedy or other right related to the foregoing, including the right to receive and collect payment for sanitary wastewater customer services and to receive and hold customer deposits in connection thereof.

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

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

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

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

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

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

“**Assigned Contracts**” has the meaning specified in Section 4.13 and includes the Municipal Agreements.

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

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

“**Authorizations and Permits**” mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, adjudications, variances, waivers and approvals currently in effect issued or granted by Governmental Authorities, including without limitation, environmental permits, operating permits and approvals that are held by the Seller that primarily relate directly or indirectly to the operation of the System, including those set forth on Schedule 4.12.

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

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

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

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

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

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

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

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

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

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

“**Deposit**” has the meaning specified in Section 3.01(a)(i).

“**Easements**” means all easements, rights of way, licenses, use agreements, occupancy agreements, leases and other agreements and appurtenances for and over the real property of third parties that, in each case, is for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Acquired Assets (including access thereto).

“**EDU**” means the equivalent dwelling unit that also equates to 262.5 gallons per day.

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

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

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

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

“**Environmental Liabilities**” means any legal obligation or liability arising under Environmental Requirements or related to or arising out of any Environmental Condition, including those consisting of or relating to any (a) duty imposed by, breach of or noncompliance with any Environmental Requirements; (b) environmental, health or safety matters or conditions (including on-site or off-site contamination, occupational safety and health and regulation of Hazardous Materials); (c) Remedial Action undertaken by any Person; (d) bodily injury (including illness, disability and death, and regardless of when any such bodily injury occurred, was incurred or manifested itself), property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real or personal property), or other losses or damages incurred by any other Person (including any employee or former employee of such Person); (e) any injury to, destruction of, or loss of natural resources, or costs of any natural resource damage assessments; (f) exposure of any Person to any Hazardous Materials; and (g) the presence or Release of any Hazardous Materials.

“**Environmental Requirements**” mean all Laws (including common law), regulations, legally binding or otherwise enforceable requirements and Authorizations and Permits relating to human health, pollution, or protection of the Environment (including ambient air, surface water, ground water, land surface or surface strata), including (i) those relating to emissions, discharges, Releases, or threatened Releases of Hazardous Materials, and (ii) those relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, recovery, transport or other handling of Hazardous Materials. Without limiting the foregoing, the term “**Environmental Requirements**” includes (1) CERCLA; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sections 11001-11050; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901-6992k (“**RCRA**”); the Safe Drinking Water Act, 42 U.S.C. Sections 300f to 300j-26; the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2692; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101-5127; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701--2761; the Clean Air Act, 42 U.S.C. Sections 7401-7671q; the Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011 et seq.; the Low Level Radioactive Waste Policy Act, as amended, 42 U.S.C. Section 2022b et seq.; the Occupational Safety and Health Act, 29 U.S.C. Sections 651-678, and the regulations promulgated pursuant to the above-listed federal statutes, and (2) counterpart Laws and regulations promulgated or issued by any state or local Governmental Authority, specifically including the Pennsylvania Storage Tank and Spill Prevention Act of 1989 (35 Pa. C.S.A. § 6021.101 *et. seq.*).

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

“**Equipment and Machinery**” means (i) all the equipment, tangible personal property, machinery, office furniture and equipment, fixtures, tooling, spare maintenance or replacement parts, environmental testing equipment, and vehicles owned or leased by the Seller (including all leases of such property), which are primarily used in the operation of the System, (ii) any rights of the Seller to warranties applicable to the foregoing (to the extent assignable), and licenses received from manufacturers and seller of any such item, and (iii) any related claims, credits, and rights of recovery with respect thereto, as listed on Schedule 4.10.

“**Escrow Agreement**” has the meaning set forth in Section 3.01(c).

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

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

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

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

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

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

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

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

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

“**Knowledge**” means either (i) the actual knowledge of a Representative of Buyer and the knowledge that such person would reasonably be expected to obtain in the course of diligently performing his or her duties for Buyer or (ii) the actual knowledge of Senior Staff, the Municipal Board, and in the case of Senior Staff, the knowledge that each person would reasonably be expected to obtain in the course of diligently performing his or her duties for Seller, as applicable based on the context in which the term is used.

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

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

“**Lien**” means any lien in a fixed and ascertainable monetary sum, or any pledge, mortgage, deed of trust or security interest securing a fixed and ascertainable monetary sum, or any charge or claim in a fixed and ascertainable monetary sum. In addition, in connection with Real Property, any item otherwise falling within the definition of a “Lien” must be filed of record by the responsible Party in accordance with the terms of this Agreement.

“**Loss**” means any and all losses, liabilities, obligations, damages, penalties, interest, Taxes, claims, actions, demands, causes of action, judgments, reasonable attorneys’, consultants’ and other professional fees, and all other reasonable costs and expenses sustained or incurred in investigating, preparing or defending or otherwise incident to any such claim, action, demand, cause of action or judgment or the enforcement of a Party’s rights under Article VIII; except that “**Losses**” do not include punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, except in the case of fraud or to the extent actually awarded to a Governmental Authority (other than Seller or the Municipal Board) or other third party in respect of a Third Party Claim.

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

Agreement or the transactions contemplated by this Agreement; and (vi) negligence, intentional misconduct or bad faith of the Buyer or its Representatives.

“**Missing Easements**” means, as of any particular date, each Easement that either (a) has not been expressly obtained through a duly executed and recorded instrument by the Seller and is for or used in connection with the operation of the System or (b) if such Easement has been obtained by the Seller, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

“**Municipal Agreements**” means, collectively, the inter-municipal agreements pursuant to which the Seller provides sanitary wastewater service in various municipalities in Chester County, Pennsylvania, as more specifically set forth in Schedule 4.13.

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

“**Municipal Code**” has the meaning set forth in Section 7.13.

“**Objection Notice**” has the meaning set forth in Section 6.02(a).

“**Outside Date**” means the date that is the later to occur of (i) 365 days after the date the application to the PaPUC is accepted as complete by the PaPUC, (ii) 365 days after the date the statutory 6-month consideration period is initiated pursuant to 66 Pa. C.S. §1329, and (iii) 545 days after the Effective Date provided, that if there is litigation pending on such date in which any Person seeks to prevent the consummation of the transaction described in this Agreement, or to frustrate a material term contained in this Agreement (specifically including, without limitation, litigation involving the proceedings before the PaPUC as contemplated in this Agreement), the Outside Date will be extended to the date that is sixty (60) days following the unappealable resolution of such litigation.

“**Outstanding Indebtedness**” means the following outstanding indebtedness of the Seller: Delaware Valley Regional Finance Authority General Obligation Note Series of 2020.

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

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

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

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

“**Pending Development Plan**” means any project for the development of real property which is the subject of a subdivision or land development plan that has been submitted to the Seller for approval, or for which the Seller already has granted approval, pursuant to the Pennsylvania Municipal Planning Code, but which has yet to be constructed as of the Effective Date (and as updated before the Closing Date), as provided in Schedule 4.17.

“**Permitted Liens**” means (a) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) easements, rights of way, deed restrictions and other similar encumbrances affecting Real Property and Easements to which Buyer has not raised a Title Objection Item or an Easement Objection Item in Article VI hereof; (c) other than with respect to Real Property owned by Seller, Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; (d) other imperfections of title or Liens, if any, that have not had, and would not have, a Material Adverse Effect; and (e) any encumbrances set forth in the Title Commitment not identified in the Objection Notice in accordance with the procedures and deadlines prescribed in Section 6.02(a).

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

“**Personnel**” means the employees of the Seller who are primarily employed to operate the System.

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

“**Real Property**” means those certain parcels of land, with the buildings, improvements, and Equipment and Machinery affixed thereto, that are part of the System and fee simple title to which is to be conveyed by Seller to Buyer as part of the Acquired Assets.

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

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

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

“**Representative**” means, with respect to any Person, any director (including, in the case of the Seller, any member of the Municipal Board), officer, employee, official, lender, mortgagee, financier, provider of any financial instrument (or any agent or trustee acting on their behalf), partner, member, owner, agent, lawyer, accountant, auditor, professional advisor,

consultant, engineer, contractor, other Person for whom such Person is at law responsible or other representative of such Person and any professional advisor, consultant or engineer designated by such Person as its “Representative.”

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

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

“**Seller DEP Permits**” means the permits listed on Schedule 4.12 issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto.

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

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

“**Senior Staff**” means the Township Manager and the Township Public Works Director.

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

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

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

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

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

“**Third Party Claim**” has the meaning specified in Section 8.05(a)

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

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

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

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

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

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

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

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

ARTICLE II.

TERMS OF PURCHASE AND ASSUMPTION OF LIABILITIES

Section 2.01. **Purchase and Sale of Acquired Assets**

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

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

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

(c) all contracts, licenses and leases set forth on Schedule 4.13 to which the Seller is a party, including without limitation, all Municipal Agreements, customer service agreements or

applications for service, construction contracts, surety bonds, operation and maintenance agreements, management agreements, reserved capacity agreements, architect agreements and consultant agreements, and agreements relating to vehicles and other items of personal property (the "Assigned Contracts");

- (d) all Supplies;
- (e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment, including without limitation those items listed on Schedule 4.10 hereof;
- (f) all expenses prepaid by Seller and security deposits by Seller;
- (g) all Files and Records;
- (h) Accounts Receivable arising on or after the Closing Date; and
- (i) all Authorizations and Permits of or held by the Seller (to the extent transferrable to Buyer under Law), including all Authorizations and Permits which are environmental permits, the Seller DEP Permits as set forth on Schedule 4.12 hereto and other operating permits and those items set forth on Schedule 4.12 hereto; and
- (j) all goodwill of the System.

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

Section 2.02. **Excluded Assets**

Notwithstanding Section 2.01 or any other provision of this Agreement to the contrary, the Acquired Assets do not include the following (the "Excluded Assets"):

- (a) all contracts, licenses and leases that are not Assigned Contracts;
- (b) the seals, organizational documents, minute books, Tax returns, books of account or other records having to do with the organization of Seller;
- (c) cash (including any cash whenever received resulting from the payment received by Seller attributable to wastewater service provided to EDU's before the Closing Date) and cash equivalents, including Accounts Receivable accrued before the Closing Date and existing financial security guaranteeing installation of public improvements (including sewer facilities);

- (d) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (e) other than to the extent relating to any Assumed Liability, all actions, suit or claim of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (f) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;
- (g) the assets, properties and rights specifically set forth on Schedule 2.02(g);
- (h) all municipal separate storm sewer system (“MS4”) assets and stormwater assets of the Seller (and any related NPDES permits);
- (i) all individual customer grinder pumps owned by Seller, if any, installed and used by the customer on private property to convey sewage into the sanitary sewer collection system;
- (j) all customer sanitary sewer service laterals located outside of road right-of-way or sewer easement limits on private property and owned by Seller, if any;
- (k) certain interests in real estate to be created and or retained by the Township including real property interests that will be subdivided from existing System-related real estate and certain easements with respect to storm water utility and other township access easements; and
- (l) the rights which accrue or will accrue to Seller under this Agreement and any related agreement, exhibit or schedule.

Section 2.03. **Sale Free of Liens**

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

Section 2.04. **Assumption of Liabilities**

(a) On the terms and subject to the conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due any and all liabilities and obligations of the Seller (1) arising under the Seller DEP

Permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), and (2) arising out of or relating to the System or the Acquired Assets on or after the Closing, including, without limitation, the following:

- (i) all liabilities and obligations under the Assigned Contracts and Authorizations and Permits resulting from events that occur or conditions that arise on or after the Closing;
- (ii) any litigation initiated against Seller related to the System or the Acquired Assets resulting from events that occur or conditions that arise on or after the Closing;
- (iii) all liabilities and obligations for Taxes relating to the System, its operation, the Acquired Assets and the Assumed Liabilities attributable to the period beginning on the Closing Date; and
- (iv) all other liabilities and obligations arising out of or relating to Buyer's ownership or operation of the System and the Acquired Assets on or after the Closing (all of the aforementioned liabilities in this Section 2.04(a) are referred to as the "Assumed Liabilities").

For the avoidance of doubt, the Parties agree that the Assumed Liabilities do not include any liabilities or obligations arising from or relating to events or circumstances occurring prior to Closing except as the Parties may otherwise agree in writing.

(b) After the Closing, Buyer shall indemnify Seller against its obligations under the Assumed Liabilities in accordance with Section 8.03.

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

Section 2.05. **Further Assurances**

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

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

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a) and Section 2.06(b), to the extent that the sale, transfer,

assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties hereto), including any Governmental Authority, and such consent, authorization, approval or waiver has not been obtained before the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a “Nonassignable Asset”). Following the Closing, the Seller and the Buyer shall use commercially reasonable efforts (at the cost and expense of the Party that is responsible for compliance with such Law or obtaining such consent, authorization, approval or waiver), and shall cooperate with each other, to obtain any such required consent, authorization, approval or waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; except that in no event will Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, the Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Acquired Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration.

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

(c) If, following the Effective Date and before the Closing, Buyer identifies any contract to which the Seller is a party which is not set forth on Schedule 4.13 as an Assigned Contract as of the Effective Date, and Buyer reasonably determines such contract is necessary to the operation of the System, Buyer shall notify Seller of such determination and Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.13 reflecting the addition of such contract, and such contract will thereafter constitute and be deemed an Assigned Contract for all purposes hereunder.

(d) If, during the twenty four (24) month period following the Closing, Buyer identifies any contract to which the Seller was a party as of the Closing and which (i) was not set forth on Schedule 4.13 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary to the operation of the System, the Seller shall, promptly following Buyer’s written

request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract will be deemed an Assigned Contract for all purposes hereunder.

ARTICLE III.

PURCHASE PRICE

Section 3.01. Purchase Price

The purchase price for the Acquired Assets is Seven Million Dollars (\$7,000,000) (the “Purchase Price”) which Buyer shall pay as follows at Closing unless otherwise indicated:

(a) Deposit.

(i) Buyer shall pay One Hundred Thousand Dollars (\$100,000) to Seller as a deposit on account of the Purchase Price (the “Deposit”) upon the fifth (5th) Business Day following the execution by the Parties of this Agreement; and

(ii) The Deposit shall be used to pay the costs and expenses incurred by the Seller in connection with the implementation of the provisions of this Agreement;

(iii) Once such costs and expenses are paid, Seller shall be free to use the Deposit as it determines in the Seller’s sole discretion; and

(iv) In the event that this Agreement is terminated by Seller, the Deposit shall be refundable to the Buyer within ninety (90) days following the effective date of termination per Section 14.01, provided, however, if the Agreement is terminated by Seller pursuant to Section 14.01(c), then Seller shall be permitted to offset against Seller’s obligation to refund the Deposit any damages recoverable by Seller per the terms of this Agreement.

(v) In the event that this Agreement is terminated by Buyer, the Deposit shall be retained by the Seller, provided, however, if the Agreement is terminated by Buyer pursuant to Section 14.01(d), then Seller shall be obligated to refund the Deposit to Buyer.

(vi) In the event that this Agreement is terminated by Buyer or Seller pursuant to Section 14.01(b)(ii), then Seller shall be required to refund the Deposit to Buyer.

(b) Outstanding Indebtedness. Upon direction of the Seller, Buyer shall pay all or a portion of the Outstanding Indebtedness which payment shall be a credit against the Purchase Price;

(c) Escrow at Closing. Buyer shall cause to be deposited in escrow pursuant to an escrow agreement substantially in the form attached as Exhibit C and entered into by and among the Seller, the Buyer and the escrow agent party thereto (the "Escrow Agreement") an amount calculated in accordance with Section 6.05(e);

(d) Final Payment. Subject to any adjustment in Purchase Price resulting from the proration procedures specified in Section 3.01(e) below, Buyer shall pay to the Seller at Closing by wire transfer of immediately available funds the balance of the Purchase Price remaining after the payment of the Deposit, the repayment of the Outstanding Indebtedness pursuant to Section 3.01(b), and any escrow as set forth in Section 6.05(e), to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days before the Closing Date; and

(e) Final Billing. The Buyer is entitled to all customer billings with respect to sanitary wastewater customer services for the period on or after the Closing Effective Time, and the Seller is entitled to all such billings before the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to the extent that a Party collects billings that are attributable to service provided by another Party, the Party holding the other Party's billing collections shall pay such amount to the other Party.

Section 3.02. Fair Consideration

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

Section 3.03. Allocation Schedule

The Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for federal income tax purposes), may, at the option of the Buyer, be allocated among the Acquired Assets in accordance with the allocation reflected in a schedule prepared by Buyer and attached hereto as Schedule 3.03 (the "Allocation Schedule"). In the event Buyer does not opt to prepare a schedule pursuant to the preceding sentence, then within sixty (60) days following the Closing Date, Buyer may deliver to Seller a draft of the Allocation Schedule setting forth Buyer's proposed allocation for Seller's review. Seller shall have the right to review and reasonably comment upon Buyer's proposed Allocation Schedule, provided, that (a) such proposed Allocation Schedule shall be deemed approved by Seller and shall be final and binding upon the Parties unless Seller provides written notice of Seller's comments to one or more items reflected in the proposed Allocation Schedule within twenty (20) Business Days after delivery of the proposed Allocation Schedule to Seller, and (b) upon receipt of any such written comments from Seller with respect to the proposed Allocation Schedule, Buyer may make such adjustments or revisions to the proposed Allocation Schedule based on Seller's comments as Buyer determines in good faith to be necessary and appropriate, provided further, that Buyer shall have no obligation to make any such adjustments or revisions absent manifest error. The Parties shall adhere to the Allocation Schedule (as finally determined pursuant to this Section 3.03) for all purposes relevant to the calculation of federal or state Taxes,

and will report the transactions contemplated herein in a manner consistent with such Allocation Schedule. Except as required by applicable Law, Buyer and Seller shall not take any position on their respective Tax Returns that is inconsistent with the Allocation Schedule.

Section 3.04. **Transfer Taxes**

Any and all deed stamps or transfer Taxes which may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer (collectively, "**Transfer Taxes**"), will be paid by Buyer. The terms hereof shall survive Closing. Seller and Buyer shall cooperate in good faith to prepare the Pennsylvania Form REV-138 (Realty Transfer Tax Statement of Value) setting forth the amount of the Purchase Price that shall be allocated to the Real Property for purposes of calculating Transfer Taxes.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE SELLER

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

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

Section 4.01. **Organization**

Seller is a township of the Second Class of the Commonwealth of Pennsylvania duly organized under the Pennsylvania Second Class Township Code.

Section 4.02. **Power and Authority**

Seller has (i) duly adopted the ordinance(s) authorizing the transactions contemplated by this Agreement, which remain(s) in full force and effect, (ii) duly authorized and approved the execution and delivery of this Agreement, and (iii) duly authorized and approved the performance by the Seller of its obligations contained in this Agreement. The Seller has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

Section 4.03. **Enforceability**

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

Section 4.04. **No Conflict or Violation**

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

Section 4.05. **Consents and Approvals**

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

Section 4.06. **Undisclosed Liabilities**

Except as set forth on Schedule 4.06, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Acquired Assets, that would be required to be set forth on a balance sheet prepared under generally accepted accounting principles applicable to municipalities, other than liabilities incurred in the ordinary course that could not reasonably be expected to have a Material Adverse Effect. Upon payment of the Purchase Price in accordance with Section 3.01(b), (a) all of the Outstanding Indebtedness shall, without further action, be immediately repaid, extinguished or defeased in full and (b) any security interests granted by Seller to secure its obligations pursuant thereto shall, without further action, be immediately extinguished or terminated at or before the Closing pursuant to the contractual terms applicable to such Outstanding Indebtedness.

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

Except as set forth on Schedule 4.07, since December 31, 2021, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and the Seller has operated and maintained the System since December 31, 2021 in the ordinary course.

Section 4.08. **Tax Matters**

Except as set forth on Schedule 4.08 or as would not have a Material Adverse Effect, that (i) the Seller has timely paid all Taxes that may have been or may be due and payable by the Seller on or before the Closing Date, arising from the ownership or operation of the Acquired Assets or the System on or before the Closing Date; (ii) no Taxing authority has asserted any claim against the Seller for the assessment of any additional Tax liability or initiated any action or proceeding which could result in such an assertion; (iii) the Seller has made all withholding of Taxes required to be made under all Laws and regulations, including without limitation, withholding with respect to compensation paid to employees for the System, if any, and the amounts withheld have been properly paid over to the appropriate Taxing authorities; and (iv) the Seller has at all

times been exempt from U.S. federal income Tax and from income Taxes imposed by the Commonwealth of Pennsylvania (and its political subdivisions) and by other states (and their respective political subdivisions), and income and revenue produced by or with respect to the System and the Acquired Assets has at all times been excluded from gross income by virtue of the provisions of Section 115(1) of the Code.

Section 4.09. **Real Property and Easements**

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

Section 4.10. **Equipment and Machinery**

Schedule 4.10 sets forth all Equipment and Machinery included in the Acquired Assets. Except as set forth on Schedule 4.10, the Seller has good title, free and clear of all Liens (other than the Permitted Liens and Liens which are released on or before Closing) to such Equipment and Machinery. Except as specifically disclosed on Schedule 4.10, all the Equipment and machinery is owned by Seller and none is leased or used under any conditional sales, title-retention, lease, license or similar arrangement.

Section 4.11. **Environmental Compliance**

Except as set forth on Schedule 4.11 or that otherwise could not be expected to have a Material Adverse Effect:

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

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

(c) Except as has been disclosed to Buyer on Schedule 4.11, the Seller has not received notice of any Environmental Claims related to the System that have not been fully and finally resolved, and to the Knowledge of Seller no claims of Environmental Liabilities

have been threatened allegedly arising from or relating to the System that have not been fully and finally resolved.

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

(e) No Lien or activity use limitation or institutional control has been recorded affecting any Acquired Assets by any Governmental Authority due to either the presence of any Hazardous Material on or off the Acquired Assets or a violation of any Environmental Requirement except as has been disclosed by the Seller to Buyer on Schedule 4.11.

(f) The Seller has no Knowledge of any underground storage tanks on or at any of the Acquired Assets other than as set forth on Schedule 4.11. To the Seller's Knowledge, any underground storage tanks previously located at the Acquired Assets other than as set forth on Schedule 4.11 have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure.

(g) The Seller has no Knowledge of any PCB Equipment on or at any of the Acquired Assets. Any PCB Equipment that previously existed at the Acquired Assets has been flushed of polychlorinated byphenyls or has been removed and properly disposed of, in compliance with applicable Environmental Requirements, and any remaining PCB Equipment is labeled to the extent required under applicable Environmental Requirements and being managed in compliance with applicable Environmental Requirements.

(h) The Seller has no Knowledge of the existence of any Regulated Asbestos Containing Material in or on the Acquired Assets in an aggregate amount that would reasonably be expected to result in an Environmental Liability; and any Regulated Asbestos Containing Material is being managed in compliance with all applicable Environmental Requirements.

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

(j) Except as has been disclosed to Buyer on Schedule 4.11, the Seller has not received notice nor does it have Knowledge of any historic environmental conditions that could give rise to any Environmental Claims related to the System, any Acquired Asset, or the underlying Real Property.

Section 4.12. **Authorizations and Permits**

Except as set forth on Schedule 4.12, Seller possesses all Authorizations and Permits required under the Law, including but not limited to Environmental Requirements to own occupy and operate the System. Schedule 4.12 sets forth the Authorizations and Permits of the Seller as applicable. The Seller has made true and complete copies of all Authorizations and Permits available to Buyer and all such Authorizations and Permits are in full force and effect. Except as set forth on Schedule 4.12, the Seller is in compliance in all material respects with all terms, conditions and requirements of all Authorizations and Permits, and no proceeding is pending or, to the Knowledge of the Seller threatened relating to the revocation or limitation of any of the Authorizations or Permits, other than those revocations or limitations which do not individually or in the aggregate have a Material Adverse Effect.

Section 4.13. System Contracts

(a) Schedule 4.13 sets forth a complete and accurate list of all the Assigned Contracts and any amendments thereto.

(b) Except as specifically identified on Schedule 4.13, the Seller have made available to Buyer true and complete copies of all the contracts primarily related to the System, including the foregoing Assigned Contracts.

(c) All of the Assigned Contracts set forth on Schedule 4.13 are in full force and effect. Seller has not, nor to the Knowledge of the Seller has any other party thereto, breached any material provision of or defaulted under the material terms of, nor does any condition exist which, with notice or lapse of time, or both, would cause the Seller, or to the Knowledge of Seller, any other party, to be in default under any Assigned Contract.

Section 4.14. Compliance with Law; Litigation

(a) The Seller has operated and is operating the System in compliance, in all material respects, with all Laws, Authorizations and Permits and are not in breach of any Law, Authorization or Permit that would have a Material Adverse Effect on the operations of the System or on the Buyer. There are no Authorizations or Permits from any Governmental Authority necessary for the operation of the System as currently being operated except for those Authorizations and Permits listed in Schedule 4.12.

(b) Except as set forth on Schedule 4.14, there are no facts, circumstances, conditions or occurrences regarding the System that could reasonably be expected to give rise to any environmental claims or governmental enforcement actions that could reasonably be expected to have a Material Adverse Effect, and there are no past, pending or threatened environmental claims or governmental enforcement actions against the Seller that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth on Schedule 4.14, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of the Seller, threatened against the Seller before or at the Closing Effective Time, which will have a Material Adverse Effect. There is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of the Seller, threatened against the Seller which could materially affect the validity or enforceability of this Agreement.

Section 4.15. **Broker's and Finder's Fees**

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

Section 4.16. **Title to the Acquired Assets; Sufficiency**

(a) Except as set forth on Schedule 4.16(a), the Seller has good and marketable title to, valid leasehold interest in or valid licenses or Easements to use, all of the Acquired Assets, free and clear of all Liens, other than Permitted Liens and Liens which will be fully and unconditionally released at or before Closing. The use of the Acquired Assets is not subject to any Liens, other than Permitted Liens, and such use does not encroach on the property or the rights of any Person.

(b) Except as set forth on Schedule 4.16(b), the Acquired Assets are sufficient for, and constitute all the assets, properties, business, goodwill and rights of every kind and description, and services required for, the continued conduct and operation of the System by Buyer in substantially the same manner as currently conducted and operated by Seller. Except for the Excluded Assets and except as set forth on Schedule 4.16(b), (i) the Acquired Assets, taken as a whole, comprise all the assets, properties, business, goodwill and rights of every kind and description used or held for use in, or useful or necessary to the operation of the System as currently operated by Seller, and (ii) there are no assets, properties, business, goodwill, rights or services used in the conduct or operation of the System that are owned by any Person other than Seller that will not be licensed or leased to Buyer under valid, current license arrangements or leases pursuant to an Assigned Contract, if applicable. None of the Excluded Assets are material to the System.

Section 4.17. **Pending Development Plans**

Schedule 4.17 sets forth a full and complete list of all Pending Development Plans for which Seller has received notice as of the Effective Date. Each Pending Development Plan, if consummated, could result in additional customers and reduction of available treatment capacity. Seller provides no assurances whatsoever that any development or expansion of the Service Area associated with any Pending Development Plan will actually be undertaken or completed. The Parties expect that Schedule 4.17 will change from time to time between the Effective Date and Closing, and the Seller shall promptly provide updates to Schedule 4.17 upon the occurrence of any significant change, decision or development and shall further deliver such updates pursuant to Section 9.03.

Section 4.18. **Customer Sewer Laterals and Grinder Pumps**

As of the Closing Date, the Seller will not own, or have any responsibility for: (i) any grinder pumps; (ii) connecting facilities located in the area originating from the collection facilities at the edge-of-road or curb-line when the facilities are located within a public right-of-way or the edge

of an easement where the collection facilities are located within private property to and throughout the customer's property; or (iii) any and all piping and fixtures internal to each individual customer structure (whether residential, commercial, industrial or other customer classes/types).

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

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

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

Section 5.01. **Organization**

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

Section 5.02. **Authorization and Validity of Agreement**

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

Section 5.03. **No Conflict or Violation**

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

Section 5.04. **Consents and Approvals**

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

Section 5.05. **Broker's and Finder's Fees**

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

Section 5.06. **Financial Wherewithal**

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

Section 5.07. **Sufficient Funds**

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

Section 5.08. **Independent Decision**

Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) neither Seller nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of the System or information provided to Buyer, and (b) neither Seller nor any other Person shall have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any warranty of future profitability or future earnings performance of any Acquired Assets or the System.

Section 5.09. **Scheduled Matters**

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

Section 5.10. **Independent Investigation**

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

Section 5.11. **Litigation**

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

ARTICLE VI.

TITLE TO REAL ESTATE; EASEMENTS

Section 6.01. **Evidence of Title**

Subject to Section 6.06, with respect to all Real Property, Buyer shall obtain, at its sole cost and expense, a commitment for an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006 (the "Title Commitment"), issued by a title insurance company selected by Buyer and licensed to insure title to real property by the Commonwealth of Pennsylvania (the "Title Company"), having an effective date after the Effective Date. Promptly following the Effective Date, Buyer shall order the Title Commitment from the Title Company and shall provide Seller evidence of the order. Notwithstanding anything to the contrary in Section 6.02(a) below, Buyer shall not be entitled to send an Objection Notice with respect to any parcel of Real Property and the Title Commitment for the same if, within forty five (45) Business Days after the Effective Date, Buyer has not ordered the Title Commitment from the Title Company for such parcel of Real Property and provided Seller with evidence of the same.

Section 6.02. **Objections to Title**

(a) **Notice of Objections.** Within forty five (45) days of Buyer's receipt from the Title Company of a Title Commitment for any of the parcels of Real Property, Buyer shall deliver to Seller a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the Title Commitment,

along with Buyer's written notice to Seller of any of the exceptions to title set forth on Schedule B of such Title Commitment to which Buyer objects (the "Title Objection Items") (such written notice of Buyer being referred to as the "Objection Notice"). The Objection Notice shall (a) not contain exceptions that are Permitted Liens, (b) not relate to the Buyer or any requirements, conditions or obligations of the Buyer, (c) not relate to matters of record and set forth in the Title Commitment and unrecorded matters revealed to Buyer in its due diligence or revealed in the survey unless such Title Objection Item materially and adversely in Buyer's commercially reasonable opinion restricts or prevents the use of the Real Property in the current operation of the System, and (d) not contain the standard Title Company exceptions to the extent that such standard Title Company exceptions are commonly removed by the execution and delivery of a standard owner's affidavit by Seller. The Buyer shall include a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same in the Objection Notice. If Buyer provides the Seller with an Objection Notice, the Seller shall use commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record, or insured over, by the Title Company (individually, "Cure" and collectively, "Cured") before or as of the Closing. At or before the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that Seller has Cured all such Title Objection Items. In the event that Seller is unable to Cure any Title Objection Item per this Section 6.02(a), Seller shall indemnify Buyer for such inability per the terms of Article VIII hereof, provided that Seller's indemnification obligation arising under this Section 6.02(a) shall not be subject to the Threshold Amount nor the Liability Cap set forth in Section 8.05. For avoidance of doubt, Buyer acknowledges that no item listed in clauses (a) through and including (d) above, may be objected to by Buyer as a Title Objection Item.

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

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

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

(e) Insurable Claims. To the extent any Claim for Losses under Article VIII constitutes an Insurable Claim (as defined below), Buyer shall assert the Insurable Claim and use its commercially reasonable efforts to obtain recovery for such Insurable Claim against the Title Company (which shall include commencing litigation and diligently prosecuting such Insurable Claim to judgment) before pursuing a Claim for Losses under Article VIII. If at any time following a non-favorable judgment that substantially denies the relief sought by Buyer from the Title Company in connection with the Insurable Claim (each a “Non-Favorable Judgment”), Buyer may, following such Non-Favorable Judgment, pursue the Seller with a Claim for Losses under Article VIII (any such Claim against the Seller following an attempted Insurable Claim against the Title Company being a “Residual Title Claim”). Notwithstanding anything to the contrary in Article VIII, Buyer may assert a Claim for Losses based upon a Residual Title Claim for a sixty (60) day period after the Non-Favorable Judgment. For purposes of this Section 6.02(d), an “Insurable Claim” means a Claim that: (i) arises out of Buyer’s discovery of a title defect or encumbrance with respect to any of the Real Property following the Closing that materially restricts or prevents the use of such Real Property in the operation of the System; and (ii) constitutes a claim against the Title Company under Buyer’s Title Policy. Buyer acknowledges that any and all Claims which Buyer could otherwise bring as a breach of a covenant of title under the special warranty deed to the Real Property shall be included within the Claim for Losses under Article VIII and is subject to the terms of this Section 6.02(e).

Section 6.03. Title Expenses

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

Section 6.04. UCC Search; Releases

Not later than one hundred eighty (180) days after the Effective Date, Buyer shall obtain at its sole cost and expense a Uniform Commercial Code search against Seller covering any of the personal property or fixtures included among the Acquired Assets from the Office of the Secretary of the Commonwealth of Pennsylvania and the Recorder of Deeds for any county in Pennsylvania in which Acquired Assets are located (the “UCC Search”). On or before the Closing, Seller shall at its sole cost and expense obtain releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. The Seller shall provide the form of the releases of such security interests to Buyer on or before the Closing Date.

Section 6.05. Easements.

(a) Abstract of Easements. Within sixty (60) days after the Effective Date, the Seller shall, at its sole cost and expense, cause an abstractor selected by the Seller and reasonably acceptable to Buyer and the Title Company (the “Abstractor”), to perform a search of the public land records of any county in which the Acquired Assets are located, based on the Seller’s records and plans of the System (and such other sources of information as are reasonably related thereto), by searching the grantee index in the names of the Seller and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on any and all recorded Easements (including information related to any Liens or encumbrances on

Seller's title thereto), and (ii) taking into account any applicable information provided by Buyer, identify all Missing Easements. During the process, as the Abstractor provides written search results to the Seller (including updated versions of the abstractor search result chart), the Seller will promptly provide the same to Buyer for its review, and, without limiting the foregoing, the Seller shall, or shall cause the Abstractor to, provide Buyer with periodic updates, oral or written, on the status of the activities set forth in the previous sentence.

(b) Notice of Objections. Within forty-five (45) days of Buyer's receipt from the Seller (or the Abstractor) of the information specified in subsection (a) above, Buyer shall deliver to Seller written notice identifying the encumbrances on the Easements that, in Buyer's commercially reasonable opinion, could materially and adversely restrict or prevent the use of the Easements in the current operation of the System (the "Easement Objection Items") (such written notice of Buyer being referred to as an "Easement Objection Notice"). The Easement Objection Notice shall not include any encumbrances that: (a) are Permitted Liens, (b) pertain to the Buyer or any requirements, conditions or obligations of the Buyer, or (c) are matters of record and set forth in the Abstractor's search results that do not, in Buyer's commercially reasonable opinion, materially and adversely restrict or prevent the use of the Easements in the current operation of the System (specifically including mortgages or other instruments securing indebtedness incurred by the owner of the land burdened by the Easement). If Buyer provides the Seller with an Easement Objection Notice, the Seller shall use commercially reasonable efforts to have the Easement Objection Items Cured, prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing Seller has Cured all Easement Objection Items. In the event that Seller is unable to Cure any such Easement Objection Item per this Section 6.05(b), Seller shall indemnify Buyer for such inability per the terms of Article VIII hereof, provided that Seller's indemnification obligation arising under this Section 6.05(b) shall not be subject to the Threshold Amount nor the Liability Cap set forth in Section 8.05.

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

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

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

Section 6.06. Unscheduled Property

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

ARTICLE VII.

OTHER AGREEMENTS

Section 7.01. Taxes

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

Section 7.02. Cooperation on Tax Matters

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

Section 7.03. Personnel Matters

Buyer shall not be required to offer employment effective on the Closing Date to any Personnel.

Section 7.04. **Initial and Future Rates**

(a) **Rates.** After Closing, Buyer shall implement the Seller's sanitary wastewater rates then in effect at Closing, as set forth on Schedule 7.04 ("Base Rates"), as Buyer's effective sanitary wastewater rates, provided that the rates reflected on Schedule 7.04 (at Closing) shall not be lower than those in effect on the date of the Effective Date. Buyer intends to bill on a monthly basis.

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

Section 7.05. **Buyer Taxpayer**

From and after the Closing Date, Buyer acknowledges that, upon conveyance of the Acquired Assets to Buyer, the Buyer will be subject to, among other Taxes, real estate Taxes, which Buyer shall pay when due but solely to the extent such Taxes are owed for and relating to periods after the Closing.

Section 7.06. **PaPUC Approval**

(a) Promptly after the date the Seller notifies Buyer that Seller has received all consents necessary for the assignment at Closing of that certain agreement among North Coventry Municipal Authority, North Coventry Township and East Coventry Township dated as of January 27, 2004, on terms and conditions that are reasonably acceptable to Buyer, Buyer shall timely initiate and faithfully prosecute the necessary proceedings to obtain from the PaPUC (i) the issuance of certificates of public convenience to Buyer to provide wastewater services in the Service Area, (ii) the approval of the acquisition of the System by Buyer under terms and conditions that are reasonably acceptable to Seller and Buyer, and (iii) the approval of any inter-municipal agreements provided however that prior to Buyer commencing such proceedings, Seller shall file with the PaPUC any petition or application necessary to address extraterritorial service, if any. Seller shall cooperate with and assist Buyer in proceedings before the PaPUC.

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

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

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

Section 7.07. **Remedies for Breach of Article VII Agreements**

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

Section 7.08. **Operation and Maintenance of MS4 and Stormwater Systems**

Subject to Law, the Seller shall at all times maintain ownership of and responsibility for its MS4 system and stormwater system assets. This provision shall not preclude Seller from transferring its MS4 system and stormwater system assets to another governmental entity, municipal authority or other qualified purchaser at a future time.

Section 7.09. **Pending Development Plans**

(a) Buyer and the Seller acknowledge that from the time of the Effective Date, the Seller shall continue to administer, and perform its duties and responsibilities with respect to the Pending Development Plans set forth on Schedule 4.17. For the avoidance of doubt, after the Closing Date, the Seller shall not seek to collect any EDU or tapping related fees. Following Closing, and for no additional consideration or adjustment to the Purchase Price, Seller shall convey any sanitary sewer system improvements that are dedicated to Seller after Closing pursuant to land development agreements executed prior to Closing in connection with Pending Development Plans.

(b) For Pending Developments Plans pursuant to which public sanitary sewer improvements have not yet been dedicated to the Seller as of Closing but for which a land development agreement exists between the developer and the Seller including terms and requirements for dedication, the Seller shall complete the dedication process with the developer and in turn convey title to the subject sanitary sewer improvements to Buyer. This term shall survive Closing.

(c) Following the Effective Date, Seller shall not enter into any contract with a third party that contemplates the construction of new sanitary wastewater facilities or upgrades to existing facilities, including, without limitation, pumping stations, force mains, manholes, or pipelines for service to future customers related to Pending Development Plans (collectively, "New System Assets") without providing a draft of such contracts to Buyer for its review and approval as to the design and specifications before execution by the parties to such contracts. Buyer shall have fifteen (15) Business Days to review and approve such contracts, and Buyer's failure to object in writing to any terms of such contracts within such fifteen (15) Business Day review period is deemed an approval of the same by Buyer.

Section 7.10. **Act 537 Plan**

(a) Buyer acknowledges that Seller has previously committed to an official plan, commonly known as an Act 537 Plan (the "Act 537 Plan") under the Pennsylvania Sewage Facilities Act ("Act 537"), which has been made available to Buyer. Buyer understands that the Act 537 Plan contains obligations and commitments, as more fully set forth in the Act 537 Plan to complete certain improvements and upgrades to the System (the "System Improvements"). Buyer shall accept and complete all of the System Improvements as Seller agreed to complete

under the existing Act 537 Plan. Prior to agreeing to further obligations pursuant to future amendments to the Act 537 Plan that could reasonably be deemed to affect Buyer, Seller shall provide written notice of such proposed amendment(s), and Buyer and Seller shall negotiate in good faith to resolve any objections Buyer may raise in connection with such proposed amendment(s).

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

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

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

(e) If Seller and Buyer each determine that the provision of sewage collection and treatment services by the System to certain areas or properties outside of the Service Area is technically feasible, economically feasible and cost effective, and meets all of the requirements set forth in Act 537 and 25 Pa. Code Ch. 71, the Seller shall amend the Act 537 Plan to include such identified areas and properties in the Service Area. If Seller amends the Act 537 Plan pursuant to this subsection and such amendment is approved by PaDEP, (i) Buyer shall request that the modified Service Area be approved by PaPUC; and (ii) subject to PaPUC approval of the

inclusion of such modified Service Area, Buyer shall extend sewer lines and provide sewage collection services to properties within such Service Area in a manner consistent with the Act 537 Plan and Buyer's tariff, the Public Utility Code, and the Pa PUC's regulations and orders.

Section 7.11. **Utility Valuation Experts**

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

Section 7.12. **Compliance and Operational Reports**

After the Effective Date and through the Closing Date, Seller shall provide Buyer with periodic reports at Buyer's request to the person designated by Buyer, disclosing any and all material compliance or operational deficiencies that occurred during the previous month. During the same period, Seller shall also provide Buyer with copies of all reports filed with PaDEP regarding the System, including any discharge monitoring reports, associated supplemental reports, and WETT reports, when available. Seller shall permit Buyer to complete an inspection of the Acquired Assets within twenty (20) days prior to Closing. In the event that such inspection reveals that the working condition of any of the Acquired Assets has materially deteriorated (other than normal wear and tear provided such Acquired Asset continues to function) between the Effective Date and Closing, Seller shall have the obligation of repairing or replacing such Acquired Asset prior to Closing. If Seller fails to comply with its obligations under this Section 7.12, Buyer shall have a claim for indemnification under Article VIII which shall not be subject to the Threshold Amount in Section 8.05(a).

Section 7.13. **Implementation and Enforcement of Municipal Code**

Following the Effective Date and continuing after Closing Date, Seller shall continue to implement and enforce the relevant provisions of the Municipal Code of the Township of East Coventry, as amended (the "Municipal Code"), including, without limitation, enforcement of the Seller's fats, oils, and grease program, lateral inspection program, investigation of illegal connections, and related operations and maintenance programs. Prior to enacting amendments to the Municipal Code that could reasonably be deemed to affect the System or uniquely impact Buyer, Seller shall provide written notice of such proposed amendment(s) and Buyer and Seller shall negotiate in good faith to resolve any objections Buyer may raise in connection with such proposed amendment(s).

Section 7.14. **Covenant Survival**

The covenants in this Article survive Closing.

Section 7.15. **Phase I Environmental Site Assessment**

Following the Effective Date, if requested by Buyer, Seller shall make the System and the Real Property available for Phase I environmental site assessment by Buyer at Buyer's expense and Buyer's Representatives during normal business hours upon reasonable notice.

Section 7.16. **Parker Ford**

Buyer agrees to request approval from the PaPUC to include as part of its normal capital expenditures, the costs to design and construct the wastewater mains and associated equipment to provide wastewater service to the 384 existing properties in the Parker Ford area as provided by Seller's Act 537 Plan. Buyer's obligations with respect to the Parker Ford area shall not include any costs or expenses associated with (i) the installation of lateral lines to connect each property to the wastewater mains; or (ii) the decommissioning or removal of any on-lot septic systems and equipment.

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. **Survival**

All representations and warranties contained in this Agreement shall survive until twelve (12) months following the Closing Date, except that (a) the representations and warranties of the Seller specified in Section 4.01 (Organization), Section 4.02 (Power and Authority), Section 4.03 (Enforceability), Section 4.17 (Brokers' and Finders' Fees) and Section 4.18 (Title to Acquired Assets) (collectively, the "Seller Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law, (b) the representations and warranties of Seller specified in Section 4.11 (Environmental Compliance) shall survive Closing until the expiration of the applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof), and (c) the representations and warranties of Buyer specified in Section 5.01 (Organization), Section 5.02 (Authorization and Validity of Agreement), and Section 5.05 (Brokers' and Finders' Fees) (collectively, the "Buyer Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law. The covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the latest date permitted by applicable Law. Notwithstanding the preceding sentences, (x) any breach of a representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought before such time, and (y) nothing contained in this Section 8.01 shall limit in any way (A) any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights shall survive the Closing indefinitely and (B) Buyer's right to seek indemnification for a claim relating to an Excluded Liability or Excluded Asset, which

rights shall survive the Closing until the expiration of the applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof).

Section 8.02. **Indemnification by the Seller**

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

Section 8.03. **Indemnification by Buyer**

To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, Buyer shall defend, indemnify and hold harmless: (i) the Seller, (ii) the Seller's successors and Affiliates, and (iii) each of their respective employees, officers, directors and agents (collectively, the "**Seller Indemnified Parties**") from and against any and all claims for Losses arising from or relating to: (a) any misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Buyer contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (b) any material breach of any of the covenants or agreements of Buyer contained in this Agreement or in any exhibit, schedule certificate or other instrument or document furnished or to be furnished by the Buyer pursuant to this Agreement; (c) any Assumed Liability as and when payment and performance is due, including without limitation any liability related to any claims by any Governmental Authority; (d) Buyer's actions involving Environmental Requirements, Hazardous Materials or environmental claims from and after the Closing Date; or (e) the ownership, operation or control of any of the Acquired Assets or the System from and after the Closing Date.

Section 8.04. **Indemnification Procedure**

(a) **Third Party Claims**. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "**Third Party Claim**") against such Indemnified Party with

respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses because of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party may participate in, or by giving written notice to the Indemnified Party (and subject to the other requirements herein) to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel (which counsel is reasonably acceptable to the Indemnified Party), so long as (i) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim, provided, that if the Indemnifying Party assumes control of such defense it must first agree and acknowledge in such notice that the Indemnifying Party is fully responsible (with no reservation of any rights other than the right to be subrogated to the rights of the Indemnified Party) for all Losses relating to such Third Party Claim, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and at its own cost and expense, and (iii) the Third Party Claim (A) does not involve injunctive relief, specific performance or other similar equitable relief, any claim in respect of Taxes, any Governmental Authority, any criminal allegations, or any potential damage to the goodwill, reputation or overriding commercial interests of Buyer or its Affiliates, (B) is not one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (C) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend. The Indemnified Party shall reasonably cooperate in good faith in such defense. If the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party may, at its own cost and expense, participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Seller and Buyer shall reasonably and in good faith cooperate with one another in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

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

(c) Direct Claims. Any claim by an Indemnified Party with respect to any Loss which does not arise or result from a Third Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses because of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During the thirty (30) day period, the Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity and amount of such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, by delivery of written notice disputing the basis or amount of the Direct Claim, the Indemnifying Party is deemed to have rejected such claim, in which case the Indemnified Party is free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such Direct Claim, the Parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute may be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement, provided that so long as the Direct Claim has been asserted by the Indemnified Party prior to the expiration of the applicable statute of limitation, the Indemnified Party shall not be barred from pursuing its legal rights and remedies in an appropriate court of jurisdiction by the expiration thereof.

Section 8.05. Limitations on Indemnification Obligations

(a) Subject to the other limitations contained in this Section 8.05, neither Buyer nor Buyer Indemnified Parties is entitled to indemnification pursuant to Section 8.02(a) (other than

for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by the Buyer Indemnified Parties under this Agreement exceeds two percent (2%) of the Purchase Price in the aggregate (the “Threshold Amount”), in which case Seller shall then be liable for Losses in excess of the Threshold Amount; except that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification (i) based on fraud, intentional misrepresentation or willful misconduct, (ii) based on any inaccuracy in, misrepresentation as to or breach of any of the Seller Fundamental Representations or any of the representations and warranties set forth in Section 4.11 (Environmental Compliance), or (iii) pursuant to Section 8.02(d).

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

(c) Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to Buyer), the Buyer Indemnified Parties shall only be entitled to assert claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, which shall not be limited by this Section 8.05(c)) up to the aggregate amount of six percent (6%) of the Purchase Price (the “Liability Cap”), which shall represent the sole and exclusive remedy of Buyer and the other Buyer Indemnified Parties for any such claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, in the case of fraud, intentional misrepresentation or willful misconduct or pursuant to Section 8.02(c) which shall not be subject to the Liability Cap, but is capped at the Purchase Price).

(d) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss is limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds actually received and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses before seeking indemnification under this Agreement.

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

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

(g) Subject to the provisions of Sections 3.02, 7.07, 15.11 and any other provisions for equitable relief and/or specific performance, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each Party waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Party hereto and their Affiliates and each of their respective representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.05(g) limits any Parties' right to seek and obtain any equitable relief and/or specific performance to which any Party is entitled pursuant to this Agreement.

Section 8.06. **Knowledge of Breach**

Seller will not be liable under this Article VIII for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement if Buyer had Knowledge of such inaccuracy or breach before the Closing Date. Buyer will not be liable under this Article VIII for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement if Seller had Knowledge of such inaccuracy or breach before the Closing Date.

ARTICLE IX.

PRE-CLOSING COVENANTS OF THE SELLER

Section 9.01. **Operation of the System**

Except as otherwise expressly permitted by this Agreement, as required by applicable Law or with the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned), from the Effective Date until the Closing, the Seller shall (i) operate and manage the System only in the ordinary course of business in accordance with past practices and procedures, (ii) comply in all material respects with all applicable Laws and Authorizations and Permits, and (iii) use commercially reasonable efforts to maintain and preserve intact the business and assets of the System and preserve the rights, franchises, goodwill and relationships of the Seller, the System and their customers, lenders, suppliers, regulators and others having business relationships with the Seller and the System, including any land development agreements in existence as of the Effective Date, which such agreements shall not be materially amended or terminated without notice to and the consent of Buyer, which consent shall not be unreasonably withheld or delayed.

Section 9.02. **Cooperation**

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

without limitation to effect the following at or before the Closing: (i) the repayment of the Outstanding Indebtedness and the unconditional release of any liens related thereto, and (ii) the acquisition by Seller of the right, title and interest, as applicable, to all Acquired Assets.

Section 9.03. Supplements and Updates

The Seller shall promptly deliver to Buyer any supplemental information updating the information set forth in the representations and warranties in Article IV of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Following the Effective Date, the Seller shall promptly advise Buyer of any facts of which it has Knowledge which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained in this Agreement. For the avoidance of doubt, no such supplemental information or facts provided pursuant to this Section 9.03 shall be deemed to alter any Schedules without the prior written consent of Buyer (such consent not to be unreasonably withheld, conditioned or delayed).

Section 9.04. Governmental Approvals

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

ARTICLE X.

PRE-CLOSING COVENANTS OF BUYER

Section 10.01. Actions Before the Closing Date

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

Section 10.02. Governmental Approvals

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

Section 10.03. **Cooperation**

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

Section 10.04. **Supplements and Updates**

Buyer shall promptly deliver to the Seller any supplemental information updating the information set forth in the representations and warranties in Article V of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Following the Effective Date, Buyer shall promptly advise the Seller of any facts of which it has Knowledge which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

ARTICLE XI.

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

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

Section 11.01. **Consents and Approvals**

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

Section 11.02. **Representations and Warranties of Buyer**

The representations and warranties made by Buyer in Article V which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date

which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and the Seller shall have received a certificate to the effect of the foregoing from a duly authorized officer of Buyer dated as of the Closing Date.

Section 11.03. **PaPUC Approval**

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

Section 11.04. **No Injunctions**

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

Section 11.05. **Performance of the Obligations of Buyer**

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

Section 11.06. **Deliveries by Buyer**

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

Section 11.07. **No Material Adverse Effect**

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

ARTICLE XII.

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

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

Section 12.01. **Consents and Approvals**

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

(b) Approval by the Seller for: (i)(A) defeasance and redemption of the Outstanding Indebtedness, and (B) discharge of any other outstanding debt issued by the Seller and payable to any current lender which is required to be repaid as a result of the consummation of the transaction contemplated by this Agreement and (ii) application of any related funds held in any construction fund or account under any indenture(s) being held by the Seller or any lender to the Seller on any outstanding debt (it being understood that any debt service funds or debt service reserve funds will be applied to the defeasance, redemption and discharge of outstanding debt).

(c) Delivery of evidence that Seller shall have taken all actions to acquire right, title, and interest, as applicable, to the System which includes the Acquired Assets required to permit Seller to convey the System to Buyer as pursuant to this Agreement; and

(d) Delivery of evidence of the ownership by the Township of the laterals from the collection system main to the edge-of-road or curb-line when the main is located within a public right-of-way or the edge of easement where the main is located within private property. Evidence may be established by providing Buyer with a certified copy of an Ordinance adopted by Seller designating ownership.

Section 12.02. **Representations and Warranties of Seller**

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

Section 12.03. **PaPUC Approval**

PaPUC must have issued a Final Order authorizing the Buyer to operate as a public utility in the Commonwealth of Pennsylvania and Final Order(s) approving the acquisition of the System under terms and conditions that are reasonably acceptable to the Seller and Buyer. If a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and Seller may agree to proceed to consummate the transaction.

Section 12.04. **No Injunctions**

The Seller and the Buyer are not subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 12.05. **No Material Adverse Effect**

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

Section 12.06. **Deliveries by Seller**

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

Section 12.07. **Performance of the Obligations of Seller**

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

Section 12.08. **Phase 1 Environmental Site Assessment**

If applicable under Section 7.15 hereof, a Phase 1 environmental site assessment shall have been properly completed in respect of the System and the Real Property in form and substance acceptable to Buyer.

ARTICLE XIII.

CLOSING

Section 13.01. **Closing Date**

The Closing shall take place at a place in Pennsylvania that is mutually agreed upon by the Parties, at 10:00 a.m. eastern standard time no later than twenty (20) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Buyer and the Seller receive the last of the required consents, waivers, authorizations and approvals from the Governmental Authorities, in each case, for the transactions contemplated by this Agreement, or at such other place and time, by such other method, or on such other date, as may be mutually agreed to by the Parties (the "Closing Date"). The Closing will be effective at 12:01 a.m., Township of East Coventry, PA time, on the day after the Closing Date (the "Closing Effective Time").

Section 13.02. **Deliveries by the Seller**

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

- (a) A Bill of Sale transferring all of the Acquired Assets comprising personal property, in the form attached hereto as Exhibit A;
- (b) Possession of the Acquired Assets, including without limitation, the Real Property, the Easements and an interest in the Missing Easements, including a license from Seller to Buyer;
- (c) A duly executed counterpart to an Assignment and Assumption Agreement with respect to the Assumed Liabilities (the “Assignment and Assumption Agreement”), in the form attached hereto as Exhibit B;
- (d) The consents to transfer all of the Assigned Contracts and Authorizations and Permits (including environmental Authorizations and Permits), to the extent required hereunder;
- (e) One or more special warranty or other deeds in recordable form reasonably acceptable to Buyer transferring fee simple title of Real Property, and one or more assignments in recordable form reasonably acceptable to Buyer with respect to the Easements (exclusive of any Missing Easements);
- (f) Copies or originals of all Files and Records, materials, documents and records in possession of the Seller relating to the Real Property or the Assigned Contracts;
- (g) Certificate of Seller pursuant to Section 12.02 of this Agreement;
- (h) Certificate of Seller pursuant to Section 12.07 of this Agreement;
- (i) Any documents duly executed by Seller required by the Title Company to issue final owner’s title policies in accordance with the procedures set forth in Article VI;
- (j) A duly executed counterpart to the Escrow Agreement, in the form attached hereto as Exhibit C;
- (k) All such other instruments of conveyance or other documents as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer to Buyer the Acquired Assets in accordance with this Agreement, duly executed and acknowledged by Seller, if necessary, and in a recordable form;
- (k) A form W-9 properly completed by the Seller;
- (l) If applicable, simultaneously with Closing, evidence of UCC-3 termination statements filed with the Secretary of State of the Commonwealth of Pennsylvania releasing all liens held in the Acquired Assets by or on behalf of the lender;
- (m) If applicable, an executed release, if requested by the Buyer in form and substance acceptable to the Buyer, from any lender with a lien(s) which is not a Permitted Lien on any of the Acquired Assets, confirming the discharge of the Outstanding Indebtedness and release of any and all security interests in such Acquired Asset(s), subject only to the receipt by such lender of the amount to pay off such debt at Closing; and

(n) Copies of the duly adopted ordinance(s) and resolution(s) of the Seller authorizing the transactions contemplated by this Agreement.

Section 13.03. **Deliveries by Buyer**

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

- (a) Payment of the Purchase Price in accordance with Section 3.01 hereof;
- (b) A duly executed counterpart to the Assignment and Assumption Agreement;
- (c) Certificate of Buyer pursuant to Section 11.02 of this Agreement;
- (d) Certificate of Buyer pursuant to Section 11.05 of this Agreement;
- (e) Evidence of PaPUC approval as provided in Section 12.03;
- (f) A duly executed counterpart to the Escrow Agreement; and
- (g) All such other instruments of assumption as shall, in the reasonable opinion of Seller and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement.

ARTICLE XIV.

TERMINATION

Section 14.01. **Events of Termination**

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

- (a) By the consent of both of the Seller and the Buyer;
- (b) By any of the Seller or the Buyer if:
 - (i) the Closing shall not have occurred on or before the Outside Date; except that (a) the Outside Date may be automatically extended as set forth in the definition of Outside Date in Article I hereof, and (b) the Buyer shall also have the one-time right to extend the Outside Date for up to one hundred twenty (120) days if, in the Buyer's sole discretion, any such amount of time up to one hundred twenty (120) days is necessary to obtain a required Governmental Approval; or
 - (ii) any Governmental Authority (other than a municipal authority or Seller), shall have issued an order, decree or ruling or taken any other immediately enforceable action, in each case permanently restraining, enjoining or otherwise prohibiting the material transactions contemplated by this Agreement and such order, decree, ruling or other action will have become final and non-appealable, provided however, that the Party seeking

termination pursuant to this clause (b) of this Section 14.01 is not in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement;

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

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

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

Section 14.02. **Effect of Termination**

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

ARTICLE XV.

MISCELLANEOUS

Section 15.01. **Confidentiality**

Except as and to the extent required by applicable Law (including but not limited to the Pennsylvania Right-To-Know Act at 65 Pa § 67.101) or pursuant to an order of a court of competent jurisdiction and as required hereunder to obtain any and all required Governmental Approvals, no Party hereto shall, directly or indirectly, disclose or use (and no Party shall permit its representatives to disclose or use) any Confidential Information with respect to any other Party furnished, or to be furnished, by such other Party hereto or its shareholders, directors, officers, agents, or representatives to the other Party hereto or its employees, directors, officers, agents or representatives in connection herewith at any time or in any manner other than in

connection with the completion of the transactions contemplated by this Agreement and related transactions.

Section 15.02. **Public Announcements**

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

Section 15.03. **Notices**

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

in the case of the Seller:

Township of East Coventry
855 Ellis Woods Road
Pottstown, PA 19465
Attention: Township Manager

with a copy to:

Township of East Coventry
855 Ellis Woods Road
Pottstown, PA 19465
Attention: Solicitor

in the case of the Buyer:

Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
Attention: General Counsel

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

Section 15.04. **Headings**

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

Section 15.05. **Severability**

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

Section 15.06. **Entire Agreement**

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

Section 15.07. **Amendments; Waivers**

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

Section 15.08. **Parties in Interest; Third Party Beneficiary**

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

Section 15.09. **Successors and Assigns**

None of the Parties to this Agreement may assign any right or delegate any performance under this Agreement without the prior written consent of the other Parties, and any purported assignment or purported delegation without prior written consent is void. This Agreement is binding upon, and inures to the benefit of, the Parties and their respective permitted successors and assigns.

Section 15.10. **Governing Law; Jurisdiction**

The laws of the Commonwealth of Pennsylvania (without giving effect to its conflicts of law principles) govern all matters arising and relating to this Agreement, including torts. The Parties irrevocably agree and consent to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Chester County, Pennsylvania, for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated in court shall be filed and litigated (including all discovery proceedings) exclusively in the United States District Court for the Eastern District of Pennsylvania and/or the Court of Common Pleas of Chester County, Pennsylvania, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth in this Agreement shall be effective service of process for any suit, action or other proceeding brought in any such court.

Section 15.11. **Specific Performance**

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

Section 15.12. **Interpretation.**

For purposes of this Agreement: (a) the words "include," "includes", and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein", "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The definition given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. The Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth herein.

Section 15.13. **Counterparts; Electronic Mail; Facsimile Execution**

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

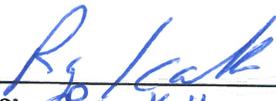
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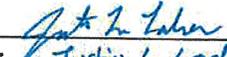
SIGNATURES NEXT PAGE]

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

TOWNSHIP OF EAST COVENTRY,
CHESTER COUNTY

PENNSYLVANIA-AMERICAN WATER
COMPANY

By: 
Name: Ray Kolb
Its: Board of Supervisors Chair

By: 
Name: Justin L. Ladner
Its: President, PAWC

ATTEST:

ATTEST:

By: 
Name: Eugene C. Briggs, Jr.
Its: Township Manager

By: 
Name: Andrew L. Surge
Its: Managing General Counsel

EXHIBIT A

Bill of Sale

EXHIBIT B

Assignment and Assumption Agreement

EXHIBIT C

Escrow Agreement

Execution version

ASSET PURCHASE AGREEMENT

By and Between

East Coventry Township, Chester County

As Seller

and

Pennsylvania-American Water Company

As Buyer

SCHEDULES AND EXHIBITS

Capitalized terms used in the Schedules which are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement. The Schedules are to be read in their entirety. Nothing in the Schedules is intended to broaden the scope of any representation or warranty in the Agreement. The disclosure of any item, explanation, exception or qualification in any Schedule is disclosure of that item for all purposes for which disclosure is required under the Agreement when it is reasonably apparent from the context that such item, explanation, exception or qualification also relates to another Schedule irrespective of whether any cross reference is made or no Schedule is provided with respect to a representation. Other than as expressly set forth herein or when the Schedules reference agreements or other matters not documented in a separate writing, all descriptions of agreements, written materials or other matters appearing herein, are summary in nature and are qualified by reference to the complete documents, which have been supplied to the Buyer or its counsel.

Schedule 2.01(b)

Acquired Assets

**EAST COVENTRY TOWNSHIP
SEWAGE FACILITIES ASSESSMENT
DECEMBER 2022**

PREPARED FOR:

**EAST COVENTRY TOWNSHIP
855 ELLIS WOODS ROAD
POTTSTOWN, PA 19465**

PREPARED BY:



Carroll Engineering Corporation
949 EASTON ROAD
WARRINGTON, PA 18976

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(22-6801.00) Asset Report.docx

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APPENDIX A –SEWAGE FACILITIES MAP

1. INTRODUCTION

This assessment of the tangible assets of facilities and equipment of the East Coventry sanitary sewer system has been prepared in accordance with PA Act 12 and following the guidelines of the “Uniform System of Accounts for Class A Wastewater Utilities.” Each facility and class of equipment has been coded per section 300 of the “Wastewater Utility Plant Accounts” section of the Guidelines. The Asset Survey includes five (5) pump stations, and approximately 13.5 miles of gravity sewers and force mains. Information was obtained from sanitary sewer GIS mapping. Site visits were conducted at each pump station to inventory and assess equipment.

2. OVERVIEW OF THE SEWER SYSTEM

East Coventry Township, Montgomery County, PA is bordered by Lower Pottsgrove and Limerick Townships in Montgomery County to the northeast, East Vincent Township to the south, South Coventry Township to the southwest, and North Coventry Township to the northwest. The Township covers an area of approximately 10.1 square miles and has a population of 7,068 as of the 2020 Census.

The wastewater system serves the northern corner of the Township, an area roughly bound by Bickels Run and Pigeon Creek to the south and East Cerdarville Road, Old Schuylkill Road and Vaughn Road to the north. The system consists of approximately 10.5 miles of gravity sewer collection mains and interceptors in sizes ranging from eight (8) to fifteen (15) inches and approximately 0.5 miles of low-pressure collection mains in sizes ranging from 1.5 to 3 inches. There are five (5) dedicated pump stations and approximately 2.6 miles of force mains, sized three (3) to eight (8) inches.

The majority of the sewer system was constructed in 2005. The remainder of the sewer system was built over the intervening years mostly as new developments were built in the Township. An inventory of the physical assets of the sewer system is included in Section 3 of this report. The sewer mains have been categorized pipe size and purpose. The pump station inventory includes a description of each pump station and a list of equipment identified at each pump station.

Sewage flows from the Township are conveyed to North Coventry Township via the force main from Pump Station #1. Flows are ultimately treated at the North Coventry Municipal Authority Wastewater Treatment Plant. A map of the system is included in Appendix A.

3. SYSTEM INVENTORY

3.1 PUMP STATIONS

A. PUMP STATION NO 1

Facility Description

Pump Station No. 1 is located at 1675 New Schuylkill Road. Pump Station No. 1 was originally built in 2004. The entire East Coventry Township sewer system is tributary to this pump station, including Pump Station Nos. 2, 3, 4, and 5.

Sewage is discharged through an approximately 2,500 foot long, 8-inch diameter PVC and DIP force main to North Coventry Municipal Authority Wastewater Treatment Plant, located at 1485 E Schuylkill Road.

The pump station is housed in a 16' x 22'4" concrete block building. The 14' diameter wet well is outside of the building and can be accessed via three 30" x 48" aluminum hatches. The three submersible pumps are located in the wet well and the valves are located in a 10' x 16' valve vault outside of the building.

The 125 kW Cummins generator sits inside the pump station control building. It has an integral diesel tank and is controlled by a Cummins automatic transfer switch.

The property is surrounded by an 8' high chain-link and barbed wire fence and accessible via a paved driveway.

EAST COVENTRY TOWNSHIP PUMP STATION #1			
	Station Name	Pump Station #1	
	Location	Towpath Park (1675 New Schuylkill Rd, Pottstown PA 19465)	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
371.3	PUMPS	Three (3) Pumps	
	Pump Manufacturer	Fairbanks Morse Pump Corp.	
	Pump Model No.	D5433V	
	Pump Serial Nos.	1050285-0, 1050285-1, 1050285-2	
	Type	Submersible	
	Pump GPM	600	
	Pump TDH Ft.	133'	
	Pump Size	4 inch	
	Motor HP	50	
	Motor Voltage	480/3/60	
	Wet Well Size	14' Diameter	Outer Diameter
	Hatchway	Three (3) 30" x 48" Hatches	
	Hatchway	One (1) 24" x 24" Hatch	
371.3	VFD	Three (3) VFDS	6-pulse, each in NEMA 1 enclosure
	Manufacturer	Saftronics	
	Model No.	FD4050-000	
	HP	50	
371	CONTROL PANEL		
	Manufacturer	Healy Ruff - Pumpak Ltd	Triplex, constant speed pump controller in a NEMA 12 enclosure
	Model No.	86303	
	Transducer Manufacturer	Sigma Controls	
	Transducer Model No.	Sigma 6100.007.B.DS.SB.WC35.40	
	Transducer Serial No.	405405-01	
	Floats Manufacturer	Pumpak	5 Anchor float with 30' cord SS cable for float mounting
371	GRINDER		
	Manufacture/Model	Muffin Monster/30005-008-DI	
	Serial No.	100504-1-1	
	HP	5	
	Controller Model	PC2240	
	Controller Serial No.	100504-3-1	
	Hydraulic Power Pack	HPU7355A	
	Serial No.	D13T63	
364	FLOW METER		
	Manufacture	Endress & Hauser	
	Model	Promag 50/50097090	
	Serial No.	65015516000	

EAST COVENTRY TOWNSHIP PUMP STATION #1			
	Station Name	Pump Station #1	
	Location	Towpath Park (1675 New Schuylkill Rd, Pottstown PA 19465)	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Circular Chart Recorder Manu./Model	Endress & Hauser, Model RSC1 (392)	
360	VALVES		
	Valve Vault Size	10' x 16'	
	Valve Vault Hatchway	One (1) 36" x 36"	
	Type	Five (5) 8" Plug Valves	
	Manufacturer/Model No.	Milliken/ 175 CWP A126 CLB	
	Type	Three (3) 8" Air Cushioned Check Valves	
	Manufacturer	GA Industries	
	Type	Four (4) Pressure Guages	
	Manufacturer/Serial No.	Onyx Valve Co./11186	
	Type	2" PVC Ball Valve	Sump Pump Discharge
	Manufacturer/Model No.	Hayward/LB138	
396	AUTODIALER		
	Manufacturer	Verbatim	
	Model	Raco 8 Channel	
371.3	ELECTRICAL		
	Circuit Breaker	Eaton Cutler - Hammer	
	Panelboard	Eaton Cutler - Hammer/YS2036	3 Phase/480 V
355	GENERATOR		
	Manufacturer	Cummins	
	Model No.	DGDK-5672618	
	Serial No.	E040645103	
	Generator KW	125 kW	
	Engine Model No./Serial No.	6BTA5.9G3/46395258	
	Fuel Tank (Gals)	336	
	ATS Manufacturer	Cummins	
	ATS Model No.	OTPC	
354.3	HVAC		
	Type	Exhaust Fan	Control/Generator Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX11R	
	Type	Exhaust Fan	Chemical Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX08S	
	Type	Supply Fan	Wet Well/Valve Vault

EAST COVENTRY TOWNSHIP PUMP STATION #1			
	Station Name	Pump Station #1	
	Location	Towpath Park (1675 New Schuylkill Rd, Pottstown PA 19465)	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Manufacturer	Penn Ventilation	
	Model No.	D18	
	Type	Electric Heater	Control/Generator Room
	Manufacturer	Chromalox	
	Model No.	004-303374-265	
	Serial No.	802577-01.	
	Type	Electric Heater	Chemical Room
	Manufacturer	Chromalox	
	Model	LUH	
	Type	Electric Heater	Bathroom
	Manufacturer	Chromalox	
	Model	HCH	
	Type	Exhaust Louver	Control/Generator Room
	Size	64" x 56"	Fixed w/ Gravity Damper
	Type	Intake Louver	Control/Generator Room
	Size	64" x 56"	Fixed w/ Motorized Damper & Insect Screen
	Type	Damper Actuator	
	Manufacturer	Siemens GGD Series	
	Model No.	GGD221.1U/BR	
	Type	Fast Acting, Two Position Actuator	
	Manufacturer	Honeywell	
	Type	Intake Louver	Chemical Room
	Size	24"x 24"	Fixed w/ Motorized Damper & Insect Screen
	Type	Intake	Bathroom
	Size	16" x 8"	Brick Vent w/ Opposite Blades Damper & Insect Screen
371.3	BIOXIDE CHEMICAL FEED SYSTEM		
	Manufacturer	USFilter Davis Process	
	Chemical Storage Tank	550. Gallon HDXLPE Tank	4' Diameter, 6.5' High, Stock No. 1000540
	Chemical Storage Tank Model No.	V-04-03384	
	Control Box	316SS, NEMA 3R	120 VAC/ 1 Phase / 60 Hz
	Calibration Stand	316SS	
	Chemical Feed Pump	Bellow Style Chemical Feed Pump	
	Chemical Feed Pump Model No.	15907-001	
	Bellow Diamter	1"	
	HP	0.34	
	Pump GPD	19	
	Max Pressure	40 psi	
354.2	BUILDING		

EAST COVENTRY TOWNSHIP PUMP STATION #1			
	Station Name	Pump Station #1	
	Location	Towpath Park (1675 New Schuylkill Rd, Pottstown PA 19465)	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Size	22'4" x 16'	
	Main Structure Material	Concrete Blocks	
	Roof Type	A Frame/Shingles	
	Doors (number/material)	Five (5) Doors/Wooden	
	Bathroom	One (1) Toilet & One (1) Sink	
	Lighting	Three (3) Indoor Lights/ Two (2) Outdoor Lights	
	Fence (Type)	Chain Linked Fence w/ Barbed Wire	
	Height/Length	8'/289'10"	
	Paving and Walkways	Paved Driveway	
371	CRAIN/HOIST		
	Manufacuture	Thern Incorporated	Spur Gear Hand Winch
	Model	5124M3SS	
	Serial No.	5004-25512	
	MISCELLANEOUS		
	Field Conversion Kit (Man./Model No.)	Chromalox/PF491-2	
	Water Pressure Tank (Man./Model No.)	Well-X-Troll/WX-202	
	Emergency Eye Wash Station (Man./Model No.)	Porta Stream/Model 20000/330097	
	Sump Pump (Valve Vault)		
	Bypass Connection	Tee w/ Blind Flange	Valve Vault

OVERALL BUILDING AND FACILITY ASSESSMENT

Sump pump located in the valve vault was rusted.
 Some rust of the the pipe and fittings/valves in the valve vault.
 Pump Station Site and Control Building in good condition.
 A lot of bugs in bathroom and chemical feed room
 Pump Station is served by well water

B. PUMP STATION NO 2

Facility Description

Pump Station No. 2 is located at the intersection of Ellis Woods Road and Wood Lea Road. Pump Station No. 2 was originally built in 2004. The neighborhood along Wood Lea Road, Wintergreen Lane, and Oleander Lane is tributary to this pump station.

Sewage is discharged through an approximately 950 foot long, 3-inch diameter HDPE force main to Manhole No. 1A, located at 45 Buckwalter Road. The wastewater flows from Manhole No. 1A via gravity to Pump Station No. 4, located near the intersection of E Cedarville Road and Saylor's Mill Road.

The pump station is housed in a 16' x 22'4" concrete block building. The 6' diameter wet well is outside of the building and can be accessed via a 42" x 54" aluminum hatch. The two submersible pumps are located in the wet well and the valves are located in a 6' x 9' valve vault outside of the building.

The 35 kW Cummins generator sits inside the pump station control building. It has an integral diesel tank and is controlled by a Cummins automatic transfer switch.

The property is surrounded by an 8' high chain-link and barbed wire fence and accessible via a paved driveway.

EAST COVENTRY TOWNSHIP PUMP STATION #2			
	Station Name	Pump Station #2	
	Location	Wood Lea Rd & Ellis Woods Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
371.3	PUMPS	Two (2) Pumps	
	Pump Manufacturer	Fairbanks Morse Pump Corp.	
	Pump Model No.	D5431MT	
	Pump Serial Nos.	1145425-0, 1145425-1	
	Type	Submersible	
	Pump GPM	50	
	Pump TDH Ft.	42'	
	Pump Size	2"	
	Motor HP	3	
	Motor Voltage	480/3/60	
	Wet Well Size	6' Diameter	Inner Diameter
	Hatchway	42" x 54"	
371.3	CONTROL PANEL		
	Manufacturer	Healy Ruff - Pumpak Ltd	Duplex, constant speed pump controller in a NEMA 12 enclosure
	Model/Serial Number	86303	
	Transducer Manufacturer	Sigma Controls	
	Transducer Model No.	Sigma 6100.007.B.DS.SB.WC25.100	
	Transducer Serial No.	504326-01	
	Floats Manufacturer	Pumpak	5 Anchor float with 30' cord and SS cable for float mounting
371	GRINDER		
	Manufacture/Model	Muffin Monster/30005-008-DI	
	Serial No.	101124-1-1	
	HP	5	
	Controller Model	PC2240	
	Controller Serial No.	101124-3-1	
	Hydraulic Power Pack	HPU7355A	
	Serial No.	M20T87	
364	FLOW METER		
	Manufacture	Endress & Hauser	
	Model	Promag 50	
	Serial No.	6C028A16000	
	Circular Chart Recorder Manu./Model	Eurotherm Recorders Limited, Model 392	
360	VALVES		
	Valve Vault Size	6' x 9'	
	Valve Vault Hatchway	36" x 36"	
	Type	Four (4) 3" Plug Valves	

EAST COVENTRY TOWNSHIP PUMP STATION #2			
	Station Name	Pump Station #2	
	Location	Wood Lea Rd & Ellis Woods Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Manufacturer/Model No.	Milliken/ 175 CWP A126 CLB	
	Type	Two (2) 3" Air Cushioned Check Valves	
	Manufacturer/Model No.	GA Industries/ 7032	
	Type	Two (2) Air Release Valves	
	Manufacturer/Serial No.	Crispin Valves/ 10078066	
	Type	Two (2) 2" SS ball Valves	
	Manufacturer/Model No.	Merit/V210FP-32	
	Type	Three (3) Pressure Guages	
	Manufacturer	Onyx Valve Co.	
396	AUTODIALER		
	Manufacturer	Verbatim	
	Model	Raco 8 Channel	
371	ELECTRICAL		
	Circuit Breaker	Eaton Cutler - Hammer	
	Panelboard	Eaton Cutler-Hammer/PRL-2A	3 Phase/480 V
	Dry Tpe Distribution Transformer/Model No.	Eaton Cutler-Hammer/S48D11S15N	
	Serial No.	J05D11332	
355	GENERATOR		
	Manufacturer	Cummins	
	Model No.	DGGD-5708962	
	Serial No.	D050766728	
	Generator KW	35 kW	
	Fuel Tank (Gals)	145	Model No./Serial No: CPG 0159-1484/634,139
	ATS Manufacturer	Cummins	
	ATS Model No.	OTECA - 5709584	
	ATS Serial No.	C050759549	
354.3	HVAC		
	Type	Exhaust Fan	Control/Generator Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX11R	
	Manufacturer	Penn Barry	
	Type	Exhaust Fan	Chemical Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX08S	
	Type	Supply Fan	Wet Well/Valve Vault
	Manufacturer	Penn Ventilation	

EAST COVENTRY TOWNSHIP PUMP STATION #2			
	Station Name	Pump Station #2	
	Location	Wood Lea Rd & Ellis Woods Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Model No.	D10	
	Serial No.	CCWTH/F00711	
	Type	Electric Heater	Control/Generator Room
	Manufacturer	Chromalox	
	Model No.	LUH	
	Type	Electric Heater	Chemical Room
	Manufacturer	Chromalox	
	Model	LUH	
	Type	Electric Heater	Bathroom
	Manufacturer	Chromalox	
	Model	HCH	
	Type	Exhaust Louver	Control/Generator Room
	Size	48" x 48"	Fixed w/ Gravity Damper
	Type	Intake Louver	Control/Generator Room
	Size	48" x 48"	Fixed w/ Motorized Damper & Insect Screen
	Type	Two Position Direct Coupled Actuator	
	Manufacturer/Model No.	Honeywell/MS4309F1005	
	Type	Intake Louver	Chemical Room
	Size	24"x 24"	Fixed w/ Motorized Damper & Insect Screen
	Type	Intake	Bathroom
	Size	16" x 8"	Brick Vent w/ Opposite Blades Damper & Insect Screen
371	Bioxide Chemical Feed System		
	Manufacturer	USFilter Davis Process	
	Chemical Storage Tank	550 Gallon HDXLPE Tank	4' Diameter, 7' High/Stock No. 1000540
	Control Box	316SS, NEMA 3R	120 VAC/ 1 Phase / 60 Hz
	Calibration Stand	316SS	
	Chemical Feed Pump	Bellow Style Chemical Feed Pump	
	Chemical Feed Pump Model No.	15907-001	
	Bellow Diamter	1"	
	HP	0.34	
	Pump GPD	19	
	Max Pressure	40 psi	
354.2	BUILDING		
	Size	16' x 22'4"	
	Main Structure Material	Concrete Blocks	
	Roof Type	A Frame/Shingles	
	Doors (number/material)	Five (5) Doors/Wooden	
	Bathroom	One (1) Toilet & One (1) Sink	

EAST COVENTRY TOWNSHIP PUMP STATION #2			
	Station Name	Pump Station #2	
	Location	Wood Lea Rd & Ellis Woods Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Lighting	Three (3) Indoor Lights/ Two (2) Outdoor Lights	
	Fence (Type)	Chain Linked Fence w/ Barbed Wire	
	Height/Length/Gate Length	8'/21 1 LF/16.5 LF	
	Paving and Walkways	Paved Driveway	
371	CRAIN/HOIST		
	Manufacture	Thern Incorporated	Spur Gear Hand Winch
	Model	5124M3SS	
	MISCELLANEOUS		
	Emergency Eye Wash Station	Bradley	
	Sump Pump (Valve Vault) Model No.	SPX50M2	0.5 HP
	Bypass Connection	Tee w/ Blind Flange	Valve Vault

OVERALL BUILDING AND FACILITY ASSESSMENT

Sump pump located in the valve vault was rusted.

Some rust on the the pipe and fittings/valves in the valve vault.

Pump Station Site and Control Building in good condition.

Pump Station is served by public water system

C. PUMP STATION NO 3

Facility Description

Pump Station No. 3 is located at the intersection of Rinehart Road and Old Schuylkill Road. Pump Station No. 3 was originally built in 2004. The Coventry Glen neighborhood bordered by Rinehart Road, Savanna Drive, Dare Lane, and Old Schuylkill Road is tributary to this pump station.

Sewage is discharged through an approximately 2,500 foot long, 6-inch diameter PVC force main to Manhole No. 3.3, located along the north end of Lubold Road. The wastewater flows from the manhole via gravity to Pump Station No. 1, located at 1675 New Schuylkill Road.

The pump station is housed in a 16' x 22'4" concrete block building. The 8' diameter wet well is outside of the building and can be accessed via a 42" x 60" aluminum hatch. The two submersible pumps are located in the wet well and the valves are located in a 6' x 13' valve vault outside of the building.

The 35 kW Cummins generator sits inside the pump station control building. It has an integral diesel tank and is controlled by a Cummins automatic transfer switch.

The property is surrounded by an 8' high chain-link and barbed wire fence and accessible via a paved driveway.

EAST COVENTRY TOWNSHIP PUMP STATION #3			
	Station Name	Pump Station #3	
	Location	Rinehart Rd & Old Schuylkill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
371.3	PUMPS	Two (2) Pumps	
	Pump Manufacturer	Fairbanks Morse Pump Corp.	
	Pump Model No.	D5432MVK	
	Pump Serial Nos.	1174038-0, 1174038-1	
	Type	Submersible	
	Pump GPM	285 GPM	
	Pump TDH Ft.	55' TDH	
	Pump Size	4 inch	
	Motor HP	10	
	Motor Voltage	480/3/60	
	Wet Well Size	8' Diameter	
	Hatchway	42" x 60"	
371.3	CONTROL PANEL		
	Manufacturer	Healy Ruff - Pumpak Ltd	
	Model/Serial Number	86303-B	
	Transducer Manufacturer	Sigma Controls	
	Transducer Model No.	Sigma 6100.007.B.DS.SB.WC25.100	
	Transducer Serial No.	504327-01	
	Floats Manufacturer	Anchor Scientific	
371	GRINDER		
	Manufacturer/Model	Muffin Monster/30005-008-D1	
	Serial No.	101521-1-1	
	HP	5	
	Controller Model	PC2240	
	Controller Serial No.	101521-2-1	
	Hydraulic Power Pack	HPU7355A	
364	FLOW METER		
	Manufacture	Endress & Hauser	
	Model	Promag 50	
	Serial No.	50097090	
	Circular Chart Recorder Manu./Model	Eurotherm Recorders Limited, Model 392	
360	VALVES		
	Valve Vault Size	13' x 6'	
	Valve Vault Hatchway	36" x 36"	
	Type	Four (4) 6" Plug Valves	
	Manufacturer/Model No.	Milliken/ 175 CWP A126 CLB	

EAST COVENTRY TOWNSHIP PUMP STATION #3			
	Station Name	Pump Station #3	
	Location	Rinehart Rd & Old Schuylkill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Type	Two (2) 6" Air Cushioned Check Valves	
	Manufacturer	GA Industries	
	Type	Three (3) Pressure Guages	
	Manufacturer	Onyx Valve Co.	
	Type	2" PVC Ball Valve	Sump Pump Discharge
	Manufacturer/Model No.	Hayward/LB138	
396	AUTODIALER		
	Manufacturer	Verbatim	
	Model	Raco 8 Channel	
371.3	ELECTRICAL		
	Circuit Breaker	Eaton Cutler - Hammer	
	Panelboard	Eaton Cutler-Hammer/PRL-2A	3 Phase/480 V
	Dry Tpe Distribution Transformer/Model No.	Eaton Cutler-Hammer/S48D11S15N	
	Serial No.	J05B12719	
355	GENERATOR		
	Manufacturer	Cummins	
	Model No.	DGGD-5708979	
	Serial No.	C050765062	
	Generator KW	35 kW	
	Fuel Tank (Gals)	145	Model No./Serial No.: CPG 0159-1484/634,137
	ATS Manufacturer	Cummins	
	ATS Model No.	OTECA - 5707835	
	ATS Serial No.	C050757761	
354.3	HVAC		
	Type	Exhaust Fan	Control/Generator Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX11R	
	Type	Exhaust Fan	Chemical Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX08S	
	Type	Supply Fan	Wet Well/Valve Vault
	Manufacturer	Penn Ventilation	
	Model No.	D10	
	Serial No.	CCW TH/F00710	
	Type	Electric Heater	Control/Generator Room
	Manufacturer	Chromalox	

EAST COVENTRY TOWNSHIP PUMP STATION #3			
	Station Name	Pump Station #3	
	Location	Rinehart Rd & Old Schuylkill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Model No.	LUH	
	Type	Electric Heater	Chemical Room
	Manufacturer	Chromalox	
	Model	LUH	
	Type	Electric Heater	Bathroom
	Manufacturer	Chromalox	
	Model	HCH	
	Type	Exhaust Louver	Control/Generator Room
	Size	48" x 48"	Fixed w/ Gravity Damper
	Type	Intake Louver	Control/Generator Room
	Size	48" x 48"	Fixed w/ Motorized Damper & Insect Screen
	Type	Two Position Direct Coupled Actuator	
	Manufacturer/Model No.	Honeywell/MS4309F1005	
	Type	Intake Louver	Chemical Room
	Size	24"x 24"	Fixed w/ Motorized Damper & Insect Screen
	Type	Intake	Bathroom
	Size	16" x 8"	Brick Vent w/ Opposite Blades Damper & Insect Screen
371	Bioxide Chemical Feed System		
	Manufacturer	USFilter Davis Process	
	Chemical Storage Tank	550 Gallon HDXLPE Tank	4' Diameter, 6'7" High
	Control Box	316SS, NEMA 3R	120 VAC/ 1 Phase / 60 Hz
	Calibration Stand	316SS	
	Chemical Feed Pump	Bellow Style Chemical Feed Pump	
	Chemical Feed Pump Model No.	15907-001	
	Bellow Diamter	1"	
	HP	0.34	
	Pump GPD	19	
	Max Pressure	40 psi	
354.3	BUILDING		
	Size	16" x 22'4"	
	Main Structure Material	Concrete Blocks	
	Roof Type	A Frame/Shingles	
	Doors (number/material)	Five (5) Doors/Wooden	
	Bathroom	One (1) Toilet & One (1) Sink	
	Lighting	Three (3) Indoor Lights/ Two (2) Outdoor Lights	
	Fence (Type)	Chain Linked Fence w/ Barbed Wire	
	Height/Length/Gate Length	8'/285.5 LF/16 LF	
	Paving and Walkways	Paved Driveway	

EAST COVENTRY TOWNSHIP PUMP STATION #3			
	Station Name	Pump Station #3	
	Location	Rinehart Rd & Old Schuylkill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
371	CRAIN/HOIST		
	Manufacture	Thern Incorporated	Spur Gear Hand Winch
	Model	5124M3SS	
	Self Retracting Lifeline	Miller/LB384	
	MISCELLANEOUS		
	Emergency Eye Wash Station	Bradley	
	Spare Pump	Fairbank Morse/ 1174038-0	
	Sump Pump Model No.	SPX50142	
	Bypass Connection	Tee w/ Blind Flange	Valve Vault

OVERALL BUILDING AND FACILITY ASSESSMENT

Pump Station served by public water system

Minimal rust in valve vault. Valve Vault and pipe in good condition

Pump Station Site and Control Building in good condition

D. PUMP STATION NO 4

Facility Description

Pump Station No. 4 is located along E Cedarville Road near the intersection of Saylor's Mill Road and E Cedarville Road. Pump Station No. 4 was originally built in 2004. The area bordered by E Cedarville Road, S Sanatgoa Road, and Buckwalter Road is tributary to this pump station.

Sewage is discharged through an approximately 5,350 foot long, 4-inch diameter PVC force main to Manhole No. 26, which is located along E Cedarville Road. The wastewater flows from Manhole No. 26 via gravity to Pump Station No. 1, located at 1675 New Schuylkill Road.

The pump station is housed in a 16' x 22'4" concrete block building. The 8' diameter wet well is outside of the building and can be accessed via a 36" x 72" aluminum hatch. The pump station has two submersible pumps located in the wet well and two dry pit submersible pumps located in the 8' x 13' valve vault outside of the building.

The 125 kW Cummins generator sits inside the pump station control building. It has an integral diesel tank and is controlled by a Cummins automatic transfer switch.

The property is surrounded by an 8' high chain-link and barbed wire fence and accessible via a paved driveway.

EAST COVENTRY TOWNSHIP PUMP STATION #4			
	Station Name	Pump Station #4	
	Location	E Cedarsville Rd near the intersection with Saylor's Mill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
371.3	PUMPS	Two (2) Pumps	
	Pump Manufacturer	Fairbanks Morse Pump Corp.	
	Pump Model No.	D5435MV	
	Pump Serial Nos.	1224441-0, 1224441-1	
	Type	Submersible	
	Pump GPM	225	
	Pump TDH Ft.	148'	
	Pump Size	4 inch	
	Motor HP	40	
	Motor Voltage	480/3/60	
371.3	PUMPS	Two (2) Pumps	4 spare impellers
	Pump Manufacturer	Fairbanks Morse Pump Corp.	
	Pump Model No.	D5435WD	
	Pump Serial No.	1224425-0, 1224425-1	
	Type	Dry Pit Submersible	
	Pump GPM	225	
	Pump TDH Ft.	148'	
	Pump Size	4 inch	
	Motor HP	40	
	Motor Voltage	480/3/60	
	Pump Control	Simplex Control Panel	3 hydromatic float switches
	Wet Well	8' Diameter	
	Wet Well Hatchway	36" x 72"	
371.3	VFD	Two (2) VFDS	18-pulse in NEMA 1 enclosure
	Manufacturer	Saftronics	
	Model No.	HR104100	
	HP	100	
371.3	CONTROL PANEL		
	Manufacturer	Healy Ruff - Pumpak Ltd	Duplex, variable speed transducer based control system in NEMA 12 enclosure
	Model/Serial Number	86303-B	Capable of controlling all 4 pumps. Panel No. 50323
	Transducer Manufacturer	Sigma Controls	
	Transducer Model No.	Sigma 6100.007.B.DS.SB.WC25.100	
	Transducer Serial No.	504328-01	
	Floater Manufacturer		5 Anchor float with 30' cord and 20' of SS cable for float mounting
371	GRINDER		

EAST COVENTRY TOWNSHIP PUMP STATION #4			
	Station Name	Pump Station #4	
	Location	E Cedarsville Rd near the intersection with Saylor's Mill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Manufacture/Model	Muffin Monster/30005-008-DI	
	Serial No.	101799-1-1	
	HP	5	
	Controller Model	PC2240	
	Controller Serial No.	101799-3-1	
	Hydraulic Power Pack	HPU7355A	
364	FLOW METER		
	Manufacture	Endress & Hauser	
	Model	Promag 50	
	Serial No.	50097090	
	Circular Chart Recorder Manu./Model	Eurotherm Recorders Limited, Model 392	
360	VALVES		
	Valve Vault	8' x 13'	
	Valve Vault Hatchway	Three (3) 36" x 36"	
	Type	Four (4) 4" Plug Valves	
	Manufacturer/Model No.	Milliken/ 175 CWP A126 CLB	
	Type	Two (2) 4" Air Cushioned Check Valve	
	Manufacturer/Model No.	GA Industries/250-DSL	
	Type	Spring Loaded Elbow Surge Relief Valve	
	Manufacturer	GA Industries	
	Type	Three (3) Pressure Guages	
	Manufacturer	Onyx Valve Co.	
396	AUTODIALER		
	Manufacturer	Verbatim	
	Model	Raco 8 Channel	
371.3	ELECTRICAL		
	Circuit Breaker	Eaton Cutler - Hammer	
	Panelboard	Eaton Cutler-Hammer/PRL3A	3 Phase/480 V
	Dry Tpe Distribution Transformer/Model No.	Eaton Cutler-Hammer/S48M11S15N	
	Serial No.	J05G11887	
	Heavy Duty Limit Switch	Micro Switch	
	Model No./Serial No.	B/DPDT/LSV7L/LSG7L	
355	GENERATOR		
	Manufacturer	Cummins	
	Model No.	DGDK-5713212	

EAST COVENTRY TOWNSHIP PUMP STATION #4			
	Station Name	Pump Station #4	
	Location	E Cedarsville Rd near the intersection with Saylor's Mill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Serial No.	E050781651	
	Generator KW	125 kW	
	Fuel Tank (Gals)	366	CPG 0159-1473/634361
	ATS Manufacturer	Cummins	
	ATS Model No.	OTECEB-5713246	
	ATS Serial No.	E050782837	
354.3	HVAC		
	Type	Exhaust Fan	Control/Generator Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX11R	
	Type	Exhaust Fan	Chemical Room
	Manufacturer	Penn Ventilation	With Gravity Backdraft Damper
	Model No.	DX08S	
	Type	Supply Fan	Wet Well/Valve Vault
	Manufacturer	Penn Ventilation	
	Model No.	D10	
	Serial No.	F01389	
	Type	Electric Heater	Control/Generator Room
	Manufacturer	Chromalox	
	Model No.	004-303374-266	
	Type	Electric Heater	Chemical Room
	Manufacturer	Chromalox	
	Model	LUH	
	Type	Electric Heater	Bathroom
	Manufacturer	Chromalox	
	Model	HCH	
	Type	Exhaust Louver	Control/Generator Room
	Size	64" x 56"	Fixed w/ Gravity Damper
	Type	Intake Louver	Control/Generator Room
	Size	64" x 56"	Fixed w/ Motorized Damper & Insect Screen
	Type	Actuator	
	Manufacturer	Siemens/GGD221.1U/BR	
	Type	Intake Louver	Chemical Room
	Size	24" x 24"	Fixed w/ Motorized Damper & Insect Screen
	Type	Intake	Bathroom
	Size	16" x 8"	Brick Vent w/ Opposite Blades Damper & Insect Screen
371	Bioxide Chemical Feed System		
	Manufacturer	USFilter Davis Process	

EAST COVENTRY TOWNSHIP PUMP STATION #4			
	Station Name	Pump Station #4	
	Location	E Cedarsville Rd near the intersection with Saylor's Mill Rd, Pottstown, PA 19465	
	Start Up Date	2004	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Chemical Storage Tank	550 Gallon HDXLPE Tank	4' Diameter, 7' High, Stock No. 1000540
	Control Box	316SS, NEMA 3R	120 VAC/ 1 Phase / 60 Hz
	Calibration Stand	316SS	
	Chemical Feed Pump	Bellow Style Chemical Feed Pump	
	Chemical Feed Pump Model No.	15907-001	
	Bellow Diameter	1"	
	HP	0.34	
	Pump GPD	19	
	Max Pressure	40 psi	
354.3	BUILDING		
	Size	16' x 22' 4"	
	Main Structure Material	Concrete Blocks	
	Roof Type	A Frame/Shingles	
	Doors (number/material)	Five (5) Doors/Wooden	
	Bathroom	One (1) Toilet & One (1) Sink	
	Lighting	Three (3) Indoor Lights/ Two (2) Outdoor Lights	
	Fence (Type)	Chain Linked Fence w/ Barbed Wire	
	Height/Length/Gate Length	8'/278 LF/18 LF	
	Paving and Walkways	Paved Driveway	
371	CRAN/HOIST		
	Manufacture	Thorn Incorporated	Spur Gear Hand Winch
	Model	5124M3SS	
	MISCELLANEOUS		
	Emergency Eye Washing Station		
	Sump Pump (Valve Vault)		
	Bypass Connection	Tee w/ Blind Flange	Valve Vault

OVERALL BUILDING AND FACILITY ASSESSMENT

Minor rust on dry well and sump pumps.

Valve Vault, Pump Station Site and Control Building in Good Condition

Pump Station served by public water system.

E. PUMP STATION NO 5

Facility Description

Pump Station No. 5 is located at 225 Saw Mill Road. Pump Station No. 5 was originally built in 2008. A portion of Harley Road and Saw Mill Road is tributary to this pump station.

Sewage is discharged through an approximately 2,000 foot long, 4-inch diameter PVC and DIP force main to Manhole No. 35, which is located along Harley Road. The wastewater flows from Manhole No. 35 via gravity to Pump Station No. 1, located at 1675 New Schuylkill Road.

The pump station is housed in a 16' x 22'4" concrete block building. The 7'x 7' wet well is outside of the building and can be accessed via two 42" x 32" aluminum hatches. The two submersible pumps are located in the wet well and the valves are located in a 6' x 10'4" valve vault outside of the building.

The 125 kW Cummins generator sits inside the pump station control building. It has an integral diesel tank and is controlled by a ASCO automatic transfer switch.

The property is surrounded by an 8' high chain-link and barbed wire fence and accessible via a paved driveway.

EAST COVENTRY TOWNSHIP PUMP STATION #5			
	Station Name	Pump Station #5	
	Location	225 Saw Mill Rd, Pottstown, PA 19465	
	Start Up Date	2008	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
371.3	PUMPS	Two (2) Pumps	
	Pump Manufacturer	KSB	
	Pump Model No.	KRTF 100-316/164XG	
	Pump Serial Nos.	879730, 880754	
	Type	Submersible	
	Pump GPM	120	
	Pump TDH Ft.	118'	
	Pump Size	4 inch	
	Motor HP	20	
	Motor Voltage	460/3/60	
	Wet Well Size	7' x 7'	
	Hatchway	26" x 56", Two (2) 42" x 32" Hatches	
371.3	CONTROL PANEL		
	Manufacturer	Sigma Controls	
	Model	Myriad DPC	
	Transducer Manufacturer	Sigma Controls	
	Transducer Model No.	6100RP-007-1-DS-So-SB-WC30-50	
	Floats Manufacturer	Sigma 100 Series	
371	GRINDER		
	Manufacturer/Model	Muffin Monster/30005-008-D1	
	Serial No.	103961-1-1	
	HP	5	
	Controller Model	PC2240	
	Controller Serial No.	103961-3-1	
	Hydraulic Power Pack	HPP 10504	
364	FLOW METER		
	Manufacturer	Endress & Hauser	
	Model	Promag 50	
	Serial No.	9505CC16000	
	Circular Chart Recorder Manu./Model	Eurotherm Recorders Limited, Model 392	
360	VALVES		
	Valve Vault Size	6' x 10'4"	
	Valve Vault Hatchway	Two (2) 33" x 33"	
	Type	Four (4) 4" Plug Valves	
	Manufacturer		
	Type	Two (2) 4" Swing Check Valves	

EAST COVENTRY TOWNSHIP PUMP STATION #5			
	Station Name	Pump Station #5	
	Location	225 Saw Mill Rd, Pottstown, PA 19465	
	Start Up Date	2008	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Manufacturer		
	Type	Three (3) Pressure Gauges	
	Manufacturer	Onyx Valve Co.	
396	AUTODIALER		
	Manufacturer	Verbatim	
	Model	Raco 8 Channel	
371.3	ELECTRICAL		
	Panelboard	Square D/12247497130060000	
	Shielded General Purpose Transformer	Hevi-Duty/ES5HB25S	
355	GENERATOR		
	Manufacturer	Cummins	
	Model No.	125DSHAE-7019	
	Serial No.	H070100297 C	
	Generator KW	125	
	Fuel Tank (Gals)	366	CPG 0159-1473/655522
	ATS Manufacturer	ASCO	
	ATS Model No.	J7ACTSA30260 N58F	
	ATS Serial No.	411637 RE	
354.3	HVAC		
	Type	Unit Heater	
	Manufacturer	Qmark	
	Type	Two Position Direct Coupled Actuator	
	Manufacturer/Model No.	Honeywell/MS4120F 1006	
	Type	Fan Forced Wall Heater	
	Manufacturer/Model No.	Harley/CZ1512TB	
	Type	Wet Well Exhaust Fan	
	Manufacturer/Model No.	Loren Cook Co./120 CVR S	
	Serial No.	076S981448-00/0000701	
	Louver (Chemical Feed System)	16"x16"	
	Louver (Pump Station)	56" x 56"	
	Louver (Generator Exhaust)	64" x 56"	
371	Bioxide Chemical Feed System		
	Manufacturer	Siemens Water Technologies	
	Chemical Storage Tank	550 Gallon HDXLPE Tank	4' Diameter, 6' High
	Control Box	316SS, NEMA 3R	120 VAC/ 1 Phase / 60 Hz

EAST COVENTRY TOWNSHIP PUMP STATION #5			
	Station Name	Pump Station #5	
	Location	225 Saw Mill Rd, Pottstown, PA 19465	
	Start Up Date	2008	
CODE	PUMP STATION EQUIPMENT	DESCRIPTION	COMMENTS
	Calibration Stand	316SS	
	Chemical Feed Pump	Bellow Style Chemical Feed Pump	
	Chemical Feed Pump Model No.	15907-001	
	Bellow Diameter	1"	
	HP	0.34	
	Pump GPD	19	
	Flow Meter	Milltronics/7ML1034-1AA11/PBD/V0090114.	
354.3	BUILDING		
	Size	16' x 22' 4"	
	Main Structure Material	Concrete Blocks	
	Roof Type	A Frame/Shingles	
	Doors (number/material)	Five (5) Doors/Wooden	
	Bathroom	One (1) Toilet & One (1) Sink	
	Lighting	Three (3) Indoor Lights/ Two (2) Outdoor Lights	
	Fence (Type)	Chain Linked Fence w/ Barbed Wire	
	Height/Length/Gate Length	8'/275.67 LF/20 LF	
	Paving and Walkways	Paved Driveway	
371	CRAIN/HOIST		
	Manufacturer	Halliday products	
	Model	D2B/117130627-5	
	MISCELLANEOUS		
	Emergency Eye Wash and Shower Station		
	Water Pressure Tank	Amtrol/CH10050	
	Electric Mini Tank Water Heater	Ariston/GL4/030308	
	MDP TVSS Unit	Service Track ST	
	Two (2) Bypass Connections in VV		

OVERALL BUILDING AND FACILITY ASSESSMENT

Valve Vault Piping Exterior Coating Chipped and Rusted
Pump Station Site and Control Building in Good Condition
Pump Station served by well water

3.2 SEWER MAINS

The following summarizes sewer mains by type and main size.

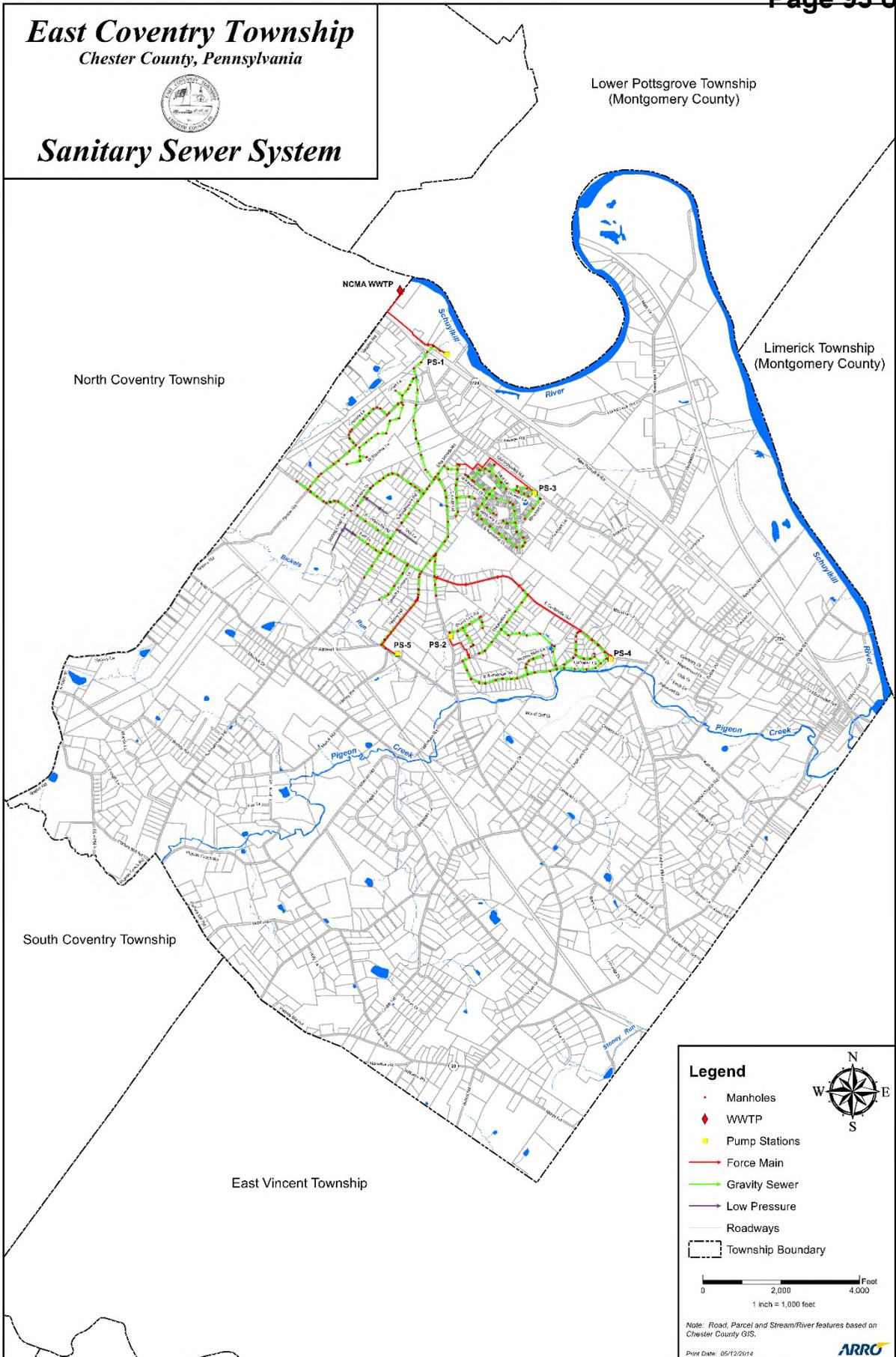
Main Size and Type	Length (ft)	Length (miles)
8" Gravity	47,359	8.97
10" Gravity	967	0.18
12" Gravity	6,056	1.15
15" Gravity	955	0.18
All Gravity	55,337	10.48
1.5" Low Pressure	1,045	0.20
2" Low Pressure	416	0.08
2.5" Low Pressure	654	0.12
3" Low Pressure	331	0.06
All Low Pressure	2,446	0.46
3" Force Main	965	0.18
4" Force Main	7,495	1.42
6" Force Main	2,563	0.49
8" Force Main	2,650	0.50
All Force Mains	13,673	2.59

Lateral Type	Length (ft)	Length (miles)
Gravity Laterals	12,028	2.28
Low-Pressure Laterals	314	0.06
All Laterals	12,342	2.34

Manholes: 291

Air Release Valves: 4

APPENDIX A
SEWAGE FACILITIES MAP



Schedule 2.02(h)

Excluded Assets

Fee simple ownership of the 13 acre parcel on New Schuylkill Road on which the Main Pump Station sits (Parcel No. 18-1-3). Easement to be transferred to Buyer.

Schedule 3.03

Allocation Schedule

(Prepared by Buyer)

Schedule 4.05

Required Governmental Consents

1. Pennsylvania Public Utility Commission (“PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment and Amendment to Agreement with North Coventry Municipal Authority, North Coventry Township and East Coventry Township dated January 27, 2004
3. Pennsylvania Department of Environmental Protection Approval of the updated Act 537 Official Sewage Facilities Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. PaDEP Approval of Transfer of WQM Permits (as listed on Schedule 4.12)
5. North Coventry Municipal Authority, North Coventry Township consent to assign Agreement dated January 27, 2004

Schedule 4.06

Undisclosed Liabilities

The following debt is associated with the Township’s sewer system and will be defeased prior to transfer of the System to the Buyer.

SERIES OF 2021 BOND ISSUE PRINCIPAL (SEWER FUND)	
	Sewer Principal
12/1/2023	302,512
12/1/2024	311,281
12/1/2025	324,433
12/1/2026	328,818
12/1/2027	333,202
12/1/2028	350,739
12/1/2029	355,123
12/1/2030	359,507
12/1/2031	368,276
12/1/2032	381,429
12/1/2033	385,813
12/1/2034	390,197
12/1/2035	398,966
12/1/2036	403,350
12/1/2037	412,118
12/1/2038	70,148
12/1/2039	70,148
12/1/2040	70,148
12/1/2041	74,532
Total	5,690,739

Schedule 4.07

Absence of Certain Changes or Events

[None.]

Schedule 4.08

Tax Matters

None.

Schedule 4.09

Seller is endeavoring, with the assistance of its legal counsel, to prepare a schedule of Real Property and easements related to operation of the System which property would be conveyed to Buyer in the event of a sale. Attached is the map of an easement to be transferred by the Township to Buyer pursuant to the attached Permanent Easement and Right of Way to be executed at Closing.

Below shows the start of the additional work stream, which will continue through Closing.

East Coventry Township Schedule 4.09 Part 1 Real Estate

Number	Book and Page Number	Document Description	Parcel No.	Date	P.S.Name
1	8279 1414	Deed	18-4-132.79	11/1/2011	Creekview
2	7165 2295	Deed	18-4-105.1	5/22/2007	Sawmill Rd

East Coventry Township Schedule 4.09 Part 2 Easements

Number	Book and Page Number	Document Description	Date	Location
1	9898 634	Sewer Easement	3/25/2019	7 Wood Lea Road
2	8671 652	Assignment and Assumption Agreement	3/19/2013	Wood Crest Estates incl. Wood Crest Estates Pump Station S.S. Easement A S.S. Easement B
3	8796 94	Sewer Easement	8/22/2013	Coventry Glen incl. Coventry Glen Pump Station S.S. Easement SA-1 S.S. Easement SA-2 S.S. Easement SA-3 S.S. Easement SA-4 S.S. Easement SA-5 S.S. Easement SA-6
4	7165 2279	Sewer Easement	5/22/2007	Creekview Perm. S.S. Easement Area 2,649 SF & 6,953 SF
5	7125 1371	Sewer Easement	4/5/2007	150 Buckwalter Rd
6	7175 62	Sewer Easement	6/1/2007	2532 E. Cedarville Rd
7	7175 46	Sewer Easement	6/1/2007	2600 E. Cedarville Rd
8	7574 1529	Assignment of Easement Agreement	1/20/2009	Old Schuylkill Rd Schuylkill Rd PECO ROW
9	7574 1560	Assignment and Assumption Agreement	1/20/2009	Old Schuylkill Rd (near Ellis Woods Rd.)
10	7574 1582	Assignment of Easement Agreement	2/20/2009	Spiece Road (4,072 SF)
11	TBD TBD	Parcel 18-1-3 (easement to be provided to Buyer for Main Pump Station)		New Schuylkill Rd Towpath Park

East Coventry Township Schedule 4.09 Part 3 Recorded Plans

Number	Book & Page Numbers	Document ID	Date	Location
1	16955 1 thru 6	10387703	3/9/2004	Orchard Ridge
2	17315 1 thru 2	10498070	1/18/2005	Wood Crest
3	17525 1 thru 8	10556207	7/26/2005	Creekview
4	17951 1 thru 11	10689179	9/22/2006	Coventry Glen

PERMANENT EASEMENT AND RIGHT OF WAY

THIS PERMANENT EASEMENT AND RIGHT-OF-WAY (hereinafter referred to as this "Easement"), is made as of this ____ day of _____, 2024, by and between the **TOWNSHIP OF EAST COVENTRY**, a municipality organized under the laws of the Commonwealth of Pennsylvania and having an office for the transaction of business at 855 Ellis Woods Road, Pottstown, Pennsylvania 19465, (hereinafter referred to as the "Grantor"), and **PENNSYLVANIA-AMERICAN WATER COMPANY**, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, having an office for the transaction of business at 852 Wesley Drive, Mechanicsburg, Pennsylvania 17050 (hereinafter referred to as the "Grantee").

W I T N E S S E T H

The Grantor, in consideration of the covenants and agreements hereinafter recited and the sum of One (\$1.00) Dollar, the receipt of which is hereby acknowledged, does hereby give, grant and convey unto the Grantee, its successors and assigns, forever, the following:

- a. a permanent and exclusive easement and a free uninterrupted and unobstructed right of way, in, under, across and over a portion of the property of the Grantor (the "Grantor's Property"), situate in the Township of East Coventry, Chester County, as outlined on Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Exclusive Easement Area"); said right of way for the area under and surrounding an existing one-story building housing a pump station and appurtenant facilities (hereinafter referred to as "Building"), owned and maintained by Grantee; and
- b. a permanent and non-exclusive easement and a free uninterrupted and unobstructed right of way, in, under, across and over a portion of Grantors Property as outlined on Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Non-Exclusive Easement Area," which together with the Exclusive Easement Area shall be hereinafter referred to as the "Easement Area") for pipes and pipelines now located within the Easement Area (the "Existing Pipe Lines"), for the purpose of the use of the Building and the Existing Pipe Lines and the access, ingress, egress and regress to the Building and the Existing Pipe Lines and the right to maintain, repair, and replace the Building and the Existing Pipe Lines and

Grantee's associated facilities related to its wastewater utility business as located within the Easement Area.

Together with the right to the Grantee, its successors and assigns, to (i) enter in and upon the Easement Area along the length of the Easement Area only with men and machinery, vehicles and material at any and all times for the purpose of maintaining, repairing, renewing or adding to the Building and the Existing Pipe Lines and appurtenances (provided, however, that any excavation, construction or installation shall only be performed with such Local, State and Federal Permits as may be required within the Easement Area, (ii) remove trees, bushes, undergrowth and other obstructions from the Easement Area interfering with the activities authorized herein, and (iii) for doing anything reasonably necessary, useful or convenient for the enjoyment of the easements herein granted in and to the Easement Area.

The right of the Grantor to freely use and enjoy its interest in Grantor's Property, exclusive of the Exclusive Easement Area, is reserved to Grantor, its successors and assigns insofar as the exercise thereof does not endanger or interfere with the construction, operation, and maintenance of Grantee's Building and Existing Pipe Lines and attached facilities. Notwithstanding the foregoing, and excluding future sewer connections requiring access to the Easement Area as approved by Grantee, no other pipes or conduits shall be placed within ten (10) feet of the Easement Area or Existing Pipe Lines, measured horizontally, except pipes crossing same at right angles, in which latter case, a minimum distance of two (2) feet shall be maintained between the pipes. All sewer pipes shall be laid below the water mains. No excavation or blasting shall be carried on in the Easement Area which in any way endangers or unreasonably interferes with the wastewater pipe lines and attached facilities.

TO HAVE AND TO HOLD the above granted easement and right of way unto the Grantee, its successors and assigns forever.

The Grantee agrees, by the acceptance of this Easement that, upon any opening made in connection with any of the purposes of this Easement, said opening shall be backfilled and resurfaced to as nearly as possible the same condition as existed when said opening was made, provided that Grantee shall not be obligated to restore landscaping, other than resodding any grass which was removed upon entry, all such work to be done at the expense of the Grantee.

Grantor and Grantee hereby covenant and agree as follows:

COMMONWEALTH OF PENNSYLVANIA)

) SS:

COUNTY OF CUMBERLAND)

On this, the _____ day of _____, 2024, before me, a Notary Public, personally appeared, _____, known to me as _____ of PENNSYLVANIA-AMERICAN WATER COMPANY, a Pennsylvania corporation, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public _____

My Commission expires: _____

1. Grantor hereby covenants that it is the owner in fee simple of the Easement Area, and has good title to convey the same, having acquired said Easement Area from _____, by Deed dated _____, and recorded on _____ at _____.

2. Grantor hereby covenants and agrees that the Grantee shall quietly enjoy the easement and right of way as granted herein.

3. Grantor hereby covenants that the Easement Area is not subject to any mortgages.

4. Grantee hereby agrees that it shall keep the Easement Area in good order and condition and shall be responsible for and shall pay all costs associated with the maintenance, repair and replacement of any of Grantee's improvements upon the Easement Area.

5. Grantee hereby agrees that it shall use the Easement Area at its own risk. Grantee will at all times protect, defend, indemnify, save and keep harmless Grantor against and from any and all loss, damage or expense, including any injury to any person or property whomsoever or whatsoever arising out of or caused by any negligence of Grantee, or any employee, agent of Grantee. The obligations of this paragraph shall survive the termination, expiration or assignment of this Easement.

6. This Easement may be assigned without the consent of the Grantor.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Grantor has duly executed this Easement as of the day and year first above written.

GRANTOR:

TOWNSHIP OF EAST COVENTY

ATTEST/WITNESS:

By:_____

IN WITNESS WHEREOF, the Grantee has duly executed this Easement as of the day and year first above written.

GRANTEE:

PENNSYLVANIA-AMERICAN WATER
COMPANY

ATTEST:

By:_____

Name:_____

Title:_____

COMMONWEALTH OF PENNSYLVANIA)

) SS:

COUNTY OF CHESTER)

On this, the _____ day of _____, 2024, before me, a Notary Public, personally appeared, _____, a Pennsylvania _____, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public_____

My Commission expires:_____

Schedule 4.10

Equipment and Machinery

The following details the machinery and equipment that will be transferred to the Buyer:

Portable crane – harness at each pump station

Extra pump at pump station #3 (Coventry Glen Pump Station)

Safety tripod with winch

Six 1 inch manhole risers

2 used manhole casting with lid

Used grind pump for pump station # 1 (Main Pump Station)

Manhole umbrella

Generator service kits for generator at pump station # 5 (Sawmill Road Pump Station)

Schedule 4.11

Noncompliance with Environmental Requirements

None.

Schedule 4.12

Authorizations, Licenses and Permits

1. The below permits issued by the Commonwealth of Pennsylvania Department of Environmental Protection:

Primary Facility	DEP Permit #
1. Main Pump Station	
2. Wood Crest Pump Station	
3. Coventry Glen Pump Station	
4. Creekview Pump Station	
5. Sawmill Road Pump Station	

2. Pennsylvania Department of Environmental Protection approval of the updated Act 537 Official Sewage Facilities Plan

Schedule 4.13

Assigned Contracts

Name of Contract	Parties to Contract	Date of Contract	Subject
Agreement	North Coventry Municipal Authority, North Coventry Township and East Coventry Township	1/27/04	Permitting East Coventry Township to send sewage flow to be treated at North Coventry Municipal Authority Plant (Authority and North Coventry Township must consent to assignment)
Shut-Off Agreement	East Coventry Township and PA-American Water Company	4/27/21	PA-American Water Company is required to shut off the water of a delinquent sewer customer upon notice from the Township

Schedule 4.14

Litigation Involving Seller

None.

Schedule 4.16(a)

Exception to Title to Acquired Assets

None.

Schedule 4.16(b)

Exception to Sufficiency of Acquired Assets

None.

Schedule 4.17

Pending Development Plans

Approved Pending Development Plans:

Coventry Chase: 112 single family home, 112 EDUs, projected to be completed in 2024.

Potential Pending Development Plans (not yet approved but for which the Township has notice):

Parker Ford: 235 single family homes

Village at Frick's Lock: 150 single family homes

Schedule 5.04

Buyer Consents and Approvals

1. Pennsylvania Public Utility Commission (the “PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment to Agreement with North Coventry Municipal Authority, North Coventry Township and East Coventry Township dated January 27, 2004
3. Pennsylvania Department of Environmental Protection (the “PaDEP”) Approval of Sanitary Sewer Collection and Conveyance System Act 537 Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. PaDEP transfer of WQM Permits (as listed on Schedule 4.12)

Schedule 5.11

Buyer Litigation

[None.]

Schedule 6.05(e)

Missing Easements as of Closing Date

Schedule 7.04

Rates

Residential and Commercial:

Seller bills its customers quarterly a flat rate of \$185 per EDU.

Exhibit A

Bill of Sale

EXHIBIT A

FORM OF BILL OF SALE

THIS BILL OF SALE is made as of this [] day of [], [202_], by and between **EAST COVENTRY TOWNSHIP, CHESTER COUNTY**, a body corporate and politic, organized and existing under the laws of the Commonwealth of Pennsylvania (the “Seller”), and **PENNSYLVANIA-AMERICAN WATER COMPANY**, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the “Buyer,” and, together with Seller, each a “Party” and collectively, the “Parties”).

BACKGROUND:

A. Seller and Buyer have entered into that certain Asset Purchase Agreement dated as of February 7, 2024 (the “Agreement”), pursuant to which Seller has agreed, among other things, to sell, transfer, convey, assign and deliver to Buyer and Buyer has agreed to purchase from Seller the Acquired Assets, including, without limitation, all of its personal property and fixed assets including equipment, machinery, vehicles, auxiliary equipment and plant equipment, as more thoroughly described on Exhibit “A” attached hereto and incorporated herein by reference (collectively, the “Personal Property”).

B. Seller desires hereunder to transfer and assign to Buyer the Personal Property pursuant to the Agreement and Buyer desires to accept the sale, transfer, conveyance, assignment and delivery thereof.

C. All capitalized terms not defined herein shall have the meaning ascribed to such term in the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. **Transfer and Assignment.** Seller hereby sells, transfers, assigns, delivers and conveys to Buyer, its successors and assigns, all of Seller's right, title and interest in, to and under the Personal Property.

2. **Acceptance of Transfer and Assignment.** Buyer hereby accepts the transfer, conveyance, assignment and delivery of the Personal Property.

3. **Transfer.** It is the intention of Seller to transfer all of Seller’s right, title and interest of the Personal Property to Buyer.

4. **Counterparts; Facsimile Signatures.** This Bill of Sale may be executed in any number of counterparts which, taken together, is one and the same agreement. This Bill of Sale becomes effective when it has been executed by each Party and delivered to both Parties. To evidence the fact that it has executed this Bill of Sale, a Party may send a copy of its executed counterpart to

the other Party by facsimile transmission. Such Party is deemed to have executed and delivered this Bill of Sale on the date it sent such facsimile transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Bill of Sale executed by such Party.

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

6. **Binding Effect.** This Bill of Sale shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and assigns.

7. **Further Assurances.** Each Party hereto covenants and agrees, at its own expense, to take such further action and execute and deliver such further instruments of conveyance and transfer and of assumption as may be reasonably requested by the other Party to carry out the provisions and purpose of this Bill of Sale.

[Remainder of Page Intentionally Blank; Signature Page Immediately Follows]

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be duly executed on the day and year first above written.

SELLER:

BUYER:

EAST COVENTRY
TOWNSHIP ,
CHESTER COUNTY

PENNSYLVANIA-AMERICAN WATER
COMPANY

By:

By:

Printed:

Printed:

Its:

Its:

ATTEST:

ATTEST:

By:

By:

Printed:

Printed:

Title:

Title:

EXHIBIT A
Personal Property

All of Seller's right, title and interest in and to all assets, facilities, business, goodwill, properties and rights of Seller of every kind and description, whether tangible or intangible, real, personal or mixed, wherever situated, in each case used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of the operation or conduct of the System (whether or not any such assets have any value for accounting purposes or are carried or reflected on the books or financial records of Seller), including any of the foregoing in which Seller is entitled to acquire rights in the future pursuant to Pending Development Plans (other than the rights of Seller pursuant to Section 2.02(d) of the Agreement) or development plans approved pursuant to this Agreement, but in all cases other than the Excluded Assets (collectively referred to as the "Acquired Assets"), including:

(a) all real property and appurtenant interests used in the operation of the System, including without limitation (i) good and marketable fee simple title to the Real Property described and identified on Schedule 4.09 of the Agreement, and (ii) all Easements, including without limitation those identified on Schedule 4.09 of the Agreement;

(b) all sanitary wastewater related collection and conveyance facilities, including all collection system mains (whether gravity or force mains), laterals (from the collection system main to the edge-of-road or curb-line when the main is located within a public right-of-way or the edge of an easement where the main is located within private property), pumping stations, generators, manholes, and other related appurtenances and any billing and collections related assets necessary to run the System;

(c) all contracts, licenses, and leases to which Seller is a party, including without limitation, all construction contracts, surety bonds, operation and maintenance agreements, management agreements, reserved capacity agreements (including the rights set forth in Section 7.14 of the Agreement), architect agreements and consultant agreements, and agreements relating to vehicles and other items of personal property as set forth on Schedule 4.13 of the Agreement (the "Assigned Contracts");

(d) all Supplies;

(e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment, including without limitation those items listed on Schedule 4.10 hereof;

(f) all expenses prepaid by Seller and security deposits paid by Seller;

(g) all Files and Records;

(h) all Authorizations and Permits of or held by Seller (to the extent transferrable to Buyer under Law), including all Authorizations and Permits which are environmental permits, Seller NPDES Permits other than those NPDES permits that relate to the Stormwater System Assets, other operating permits and those items listed or described on Schedule 4.12 of the Agreement; and

- (i) all goodwill of the System.

Exhibit B

Assignment and Assumption Agreement

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Assignment”) is entered into effective as of this [] day of [], 202_], by and between **EAST COVENTRY TOWNSHIP, CHESTER COUNTY**, a body corporate and politic, organized and existing under the laws of the Commonwealth of P e n n s y l v a n i a (the “Assignor”), and **PENNSYLVANIA-AMERICAN WATER COMPANY**, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the “Assignee,” and, together with Assignor, each a “Party” and collectively, the “Parties”).

A. Assignor, as Seller, and Assignee, as Buyer, are parties to that certain Sanitary Sewer Asset Purchase Agreement dated as of December 17, 2019 (collectively, the “Agreement”), pursuant to which Assignor has agreed, among other things, to sell, transfer, convey, assign and deliver to Assignee and Assignee has agreed to purchase from Assignor the Acquired Assets.

B. Sections 2.01, 2.04, and 13.02 of the Agreement contemplate that at Closing, Assignor will assign to Assignee and Assignee will accept and assume, all of Assignor’s right, title and interest in and to any and all Assigned Contracts and Authorizations and Permits (the “Assigned Business Deliverables”) necessary for the operation of the Acquired Assets.

C. Unless herein otherwise defined, all terms defined in the Agreement shall have the meanings ascribed to them in the Agreement when used in this Assignment.

NOW, THEREFORE, in consideration of mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

1. Assignment of Assigned Business Deliverables. Assignor hereby assigns, transfers, sets over, conveys and delivers to Assignee, and Assignee hereby accepts, all of Assignor’s right, title and interest in and to all Assigned Business Deliverables, together with all rights and privileges of any nature thereunder accruing to Assignor on or after the date hereof.

2. Indemnification by Assignor. Assignor hereby agrees to indemnify, defend and hold harmless Assignee and the Buyer Indemnified Parties from, of and against any and all losses arising out of or relating to the breach by Assignor of any of the obligations, terms or covenants of Assignor, under or pursuant to the Assigned Business Deliverables that accrued prior to the date hereof subject to Assignor’s indemnification obligations under Article VIII of the Agreement.

3. Indemnification by Assignee. Assignee hereby agrees to indemnify, defend and hold harmless Assignor and Seller Indemnified Parties from, of and against any and all losses arising out of or relating to the breach by Assignee of any of the obligations, terms or covenants of Assignee, under or pursuant to the Assigned Business Deliverables that accrue on or after the date hereof subject to Assignee’s indemnification obligations under Article VIII of the Agreement.

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

5. Successors; Assigns. Neither Party to this Assignment may assign any right or delegate any performance under this Assignment without the prior written consent of the other Party. A purported assignment or purported delegation without prior written consent is void.

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

7. Further Assurances. Each Party hereto covenants and agrees, at its own expense, to take such further action and execute and deliver such further instruments of conveyance and transfer and of assumption as may be reasonably requested by the other Party to carry out the provisions and purpose of this Assignment.

8. Assignment. It is the intention of Assignor to transfer Assignor's title of the Assigned Business Deliverables to Assignee, its permitted successors and assigns, free of any redemption by Assignor or its successors and assigns.

**[REMAINDER OF PAGE INTENTIONALLY BLANK;
SIGNATURE PAGE IMMEDIATELY FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first written above.

**EAST COVENTRY
TOWNSHIP, CHESTER
COUNTY**

**PENNSYLVANIA-AMERICAN
WATER COMPANY**

By:

By:

Printed:

Printed:

Its:

Its:

ATTEST:

ATTEST:

By:

By:

Printed:

Printed:

Title:

Title:

Exhibit C

Escrow Agreement

Exhibit C

Easement Escrow Agreement

EASEMENT ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement") is entered into on _____, 2025 by **Pennsylvania-American Water Company** ("Buyer"), the **East Coventry Township** ("Seller") and [_____] as escrow agent (the "Escrow Agent").

BACKGROUND:

Buyer and Seller have entered into a certain Asset Purchase Agreement dated _____, 2022 (the "Asset Purchase Agreement"). Upon Closing of the transaction contemplated by the Asset Purchase Agreement, Buyer is required to deposit the amount of \$[_____] of the Purchase Price into escrow (the "Easement Escrow Fund" hereinafter referred to as the "Escrow Fund") in order to secure Seller's obligations related to all Missing Easements that have not been obtained as of Closing pursuant to Section 11.14(a) of the Asset Purchase Agreement. Buyer and Seller are entering into this Agreement to establish the terms of the funding, management and distribution of the Easement Escrow Fund as required by the Asset Purchase Agreement. This Agreement is referred to in the Asset Purchase Agreement as the "Missing Easement Escrow."

Capitalized terms used in this Agreement but not defined herein have the meanings ascribed to them in the Asset Purchase Agreement.

NOW THEREFORE, in consideration of the premises and of the mutual covenants contained herein and in the Asset Purchase Agreement, the parties hereto agree as follows:

1. Acceptance by Escrow Agent. The Escrow Agent accepts the appointment as escrow agent pursuant to this Agreement and shall act on the terms and conditions set forth in this Agreement. Escrow Agent shall be paid from the Escrow Fund in accordance with the provisions of Exhibit I.

2. Investment of Escrow Fund. Upon receipt by the Escrow Agent of the Escrow Fund at Closing, the Escrow Agent shall, subject to the terms hereof, retain the Escrow Fund and is empowered and directed to invest the Escrow Fund in an interest-bearing account, as described more fully in Exhibit II. The Escrow Agent shall not be obligated to earn any particular yield or rate of return on the Escrow Fund. All interest and other earnings on the Escrow Funds shall be retained by the Escrow Agent until disbursed in accordance with the terms hereof. The Escrow Agent shall have no liability for any investment losses.

3. Rights and Responsibilities of Escrow Agent. The acceptance by the Escrow Agent of its duties hereunder is subject to the following terms and conditions, which shall govern and control with respect to the Escrow Agent's rights, duties, liabilities and immunities:

a. The Escrow Agent shall act hereunder as a depository only, and it shall not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any document furnished to the Escrow Agent or any asset deposited with it.

b. The Escrow Agent shall have no duties except those specifically set forth in this Agreement.

c. The Escrow Agent shall have the right any time it deems appropriate to seek an adjudication in a court of competent jurisdiction as to the respective rights of the parties hereto and shall not be held liable by any party hereto for the delay or the consequences of any delay occasioned by such resort to court.

d. The Escrow Agent: (i) shall not be responsible for any of the agreements referred to or described herein, or for determining or compelling compliance therewith, and shall not otherwise be bound thereby; (ii) shall be obligated only for the performance of such duties as are expressly and specifically set forth in this Agreement on its part to be performed, each of which is ministerial (and shall not be construed to be fiduciary) in nature, and no implied duties or obligations of any kind shall be read into this Agreement against or on the part of the Escrow Agent; (iii) shall not be obligated to take any legal or other action hereunder which might in its judgment involve or cause it to incur any expense or liability unless it shall have been furnished with acceptable indemnification; (iv) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction (including, without limitation, wire transfer instructions, whether incorporated herein or provided in a separate written instruction), instrument, statement, certificate, request or other document furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper person, and shall have no responsibility or duty to make inquiry as to or to determine the genuineness, accuracy or validity thereof (or any signature appearing thereon), or of the authority of the person signing or presenting the same, and (v) may consult counsel satisfactory to it, including in-house counsel, and the opinion or advice of such counsel in any instance shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion or advice of such counsel. In the event of any conflict between the terms and provision of this Agreement, those of the Asset Purchase Agreement, any schedule or exhibit attached to the Agreement, or any other Agreement among the parties, the terms and conditions of this Agreement shall control.

e. The Escrow Agent shall not be liable to anyone for any action taken or omitted to be taken by it hereunder except in the case of the Escrow Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction as being the primary cause of any loss to either the Seller or Buyer. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents. The Escrow Agent may consult with accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with, or in reliance upon, the advice or opinion of any such accountants or other skilled persons. In the event that the Escrow Agent shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be given a direction in writing by the parties which eliminates such conflict or by a final and non-appealable court order. In no event shall the Escrow Agent be liable for indirect, punitive, special or consequential damage or loss (including but not limited to lost profits) whatsoever, even if the Escrow Agent has been informed of the likelihood of such loss or damage and regardless of the form of action.

f. The Escrow Agent is hereby authorized, in making or disposing of any investment permitted by this Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as a subagent of the Escrow Agent or for any third person or dealing as principal for its own account.

g. Notwithstanding any term appearing in this Agreement to the contrary, in no instance shall the Escrow Agent be required or obligated to distribute any portion of the Escrow Fund (or take other action that may be called for hereunder to be taken by the Escrow Agent) sooner than two (2) business days after (i) it has received the applicable documents required under this Agreement in an acceptable form; or (ii) passage of the applicable time period (or both, as applicable under the terms of this Agreement), as the case may be.

h. Unless and except to the extent otherwise expressly set forth herein, all deposits and payments hereunder, or pursuant to the terms hereof shall be in U.S. dollars.

i. The Escrow Agent shall have the right at any time to resign for any reason and be discharged of its duties as Escrow Agent hereunder by giving written notice of its resignation to the parties hereto at least thirty (30) business days prior to the date specified for such resignation to take effect. All obligations of the Escrow Agent in this Agreement shall cease and terminate on the effective date of its resignation, provided that, prior to the effective date of resignation:

(i) if a successor escrow agent shall have been appointed and written notice thereof shall have been given to the resigning Escrow Agent by Buyer, Seller and the successor escrow agent, then the resigning Escrow Agent shall deliver the Escrow Fund to the successor escrow agent; or

(ii) if a successor escrow agent shall not have been appointed by Buyer and Seller, for any reason whatsoever, the resigning Escrow Agent shall deliver the Escrow Fund to a court of competent jurisdiction and give written notice of the same to the Buyer and Seller.

The resigning Escrow Agent shall be reimbursed from the Escrow Fund for any expenses incurred in connection with its resignation and transfer of the Escrow Fund pursuant to and in accordance with the provisions of this Section.

j. The Seller and Buyer each covenants and agrees, jointly and severally, to indemnify the Escrow Agent (and its directors, officers and employees) and hold it (and such directors, officers and employees) harmless from and against any loss, liability, damage, cost and expense of any nature (including, without limitation, the fees and expenses of outside counsel and experts and their staffs and all expense of document location, duplication and shipment) incurred by the Escrow Agent arising out of or in connection with this Agreement or with the administration of its duties hereunder, including, but not limited to, reasonable attorneys' fees and other costs and expenses of defending or preparing to defend against any claim of liability unless and except to the extent such loss, liability, damage, cost and expense shall be finally adjudicated by a court of competent jurisdiction to have been primarily caused by the Escrow Agent's gross negligence or willful misconduct. The foregoing indemnification and agreement to hold harmless shall survive the resignation of the Escrow Agent or the termination of this Agreement.

k. Each of the Seller and Buyer agrees, jointly and severally, (i) to assume any and all obligations imposed now or hereafter by any applicable tax law with respect to any payment or distribution of the Escrow Fund or performance of other activities under this Agreement, (ii) to instruct the Escrow Agent in writing with respect to the Escrow Agent's responsibility for withholding and other taxes, assessments or other governmental charges, and to instruct the Escrow Agent with respect to any certifications and governmental reporting that may be required under any laws or regulations that may be applicable in connection with its acting as Escrow Agent under this Agreement, and (iii) to indemnify and hold the Escrow Agent harmless from any liability or obligation on account of taxes, assessments, additions for late payment, interest, penalties, expenses and other governmental charges that may be assessed or asserted against the Escrow Agent in connection with, on account of or relating to the Escrow Fund, the management established hereby, any payment or distribution of or from the Escrow Fund pursuant to the terms hereof or other activities performed under the terms of this Agreement, including without limitation any liability for the withholding or deduction of (or the failure to withhold or deduct) the same, and any liability for failure to obtain proper certifications or to report properly to governmental authorities in connection with this Agreement, including costs and expenses (including reasonable attorneys' fees and expenses), interest and penalties. The foregoing indemnification and agreement to hold harmless shall survive the resignation of the Escrow Agent or the termination of this Agreement.

4. Statements. During the term of this Agreement, the Escrow Agent shall provide Seller and Buyer with monthly statements containing the beginning balance in the escrow account as well as all principal and income transactions for the statement period. The Escrow Agent shall be forever released and discharged from all liability with respect to the accuracy of such statements, except with respect to any such act or transaction as to which Seller or Buyer shall, within ninety (90) days after the furnishing of the statement, file written objections with the Escrow Agent.

5. Preparation of List of Missing Easements. At or before Closing, a written list containing all Missing Easements as of Closing, shall be appended to this Agreement as Schedule A.

6. Obligations of Seller Secured. Subject to Sections 7 through 9 below, the Escrow Agent shall retain the Escrow Fund for a period of two (2) years following Closing Date (the "Term") to fund Buyer's assumption of the responsibilities under Section 11.14(a) of the Asset Purchase Agreement.

7. Distribution Procedures. Except as specifically provided in this Agreement, no distribution from the Escrow Fund shall be made except as follows:

- a. upon written notice executed jointly (or in counterparts) by Seller and Buyer (a "Joint Instruction"); or
- b. as may be necessary to comply with any final and unappealable judgment, decree or order of a court of competent jurisdiction.

8. Periodic Distributions to Buyer. During the Term, Buyer and Seller shall, on a quarterly basis, issue a Joint Instruction to the Escrow Agent to make a distribution to Buyer for Buyer's unreimbursed Covered Expenses. For purposes of this Section 8, the following terms shall have the following meanings:

"Conveyance Instrument" means a written instrument signed by all parties required to effectuate its terms, in form and substance acceptable to Buyer in its reasonable discretion and in form acceptable for recording with the Chester County Recorder of Deeds, which memorializes Buyer's property interest required to maintain the Acquired Asset in the location in which it is situated.

"Covered Expenses" means any and all expenses paid or payable by Buyer to third-parties in securing a Conveyance Instrument, including, without limitation, consideration paid to any counterparty to such Conveyance Instrument to acquire the interest granted therein, payments to engineers, attorneys and other vendors reasonably required to secure such Conveyance Instrument, and all costs of litigation, condemnation and any fees related to the foregoing.

9. **Final Distribution.** Within ten (10) days following the earlier to occur of: (1) the Escrow Agent's receipt of written notice from one of the parties advising the Escrow Agent that the Term has expired; and (2) the parties' Joint Instruction to terminate the Escrow Fund because all of Seller's obligations under Section 11.14(a) of the Asset Purchase Agreement secured by this Agreement have been discharged, the Escrow Agent shall release the balance of the Escrow Fund to Seller or as the Seller may otherwise direct in writing.

10. **Disbursement Instructions.** In the event of any doubt or uncertainty by Escrow Agent as to the propriety of making periodic or final disbursements of the Escrow Fund, the Escrow Agent may retain the Escrow Fund, without penalty or liability, until the parties provide joint written instructions for the disbursement of the Escrow Fund or until a final adjudication is made as to its proper disposition. In this regard, Escrow Agent shall be entitled to rely absolutely on the advice of its counsel.

11. **Tax Reporting.** The Seller and Buyer hereby represent to the Escrow Agent that (a) there is no sale or transfer of a "United States Real Property Interest" as defined under Section 897(c) of the Internal Revenue Code, as the same may be amended from time to time (the "IRC") in the underlying transaction giving rise to this Agreement, and (b) such underlying transaction does not constitute an installment sale requiring tax reporting or withholding of imputed interest or original issue discount to the Internal Revenue Service ("**IRS**") or other taxing authority. The Seller and Buyer each agree that, for tax reporting purposes, all interest or other income earned from the investment of the Escrow Fund shall be reported by the Escrow Agent as allocated to the Seller, and reported, as and to the extent required by law, by the Escrow Agent to the **IRS**, or any other taxing authority on **IRS** Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow Fund by the Seller whether or not said income has been distributed during such year.

12. **Certification of Taxpayer Identification Number.** Each of the Seller and Buyer agree to provide the Escrow Agent with a certified tax identification number by signing and returning a Form W-9 to the Escrow Agent upon the execution and delivery of this Agreement. Each of the Seller and Buyer understand that, in the event their tax identification numbers are not certified to the Escrow Agent, the IRC, may require withholding of a portion of any interest or other income earned on the investment of the Escrow Fund.

13. **Amendment; Waiver.** The parties may amend this Agreement only by the parties' written agreement that identifies itself as an amendment to this Agreement. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement will be effective only if it is in writing and signed

by the parties giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party to exercise, and no delay in exercising, any right under this Agreement will operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

14. Discharge. The Escrow Agent may be discharged from its duties as Escrow Agent under this Agreement upon thirty (30) days written notice from Buyer and Seller jointly and upon payment of any and all fees and indemnity amounts due to Escrow Agent. In such event, the Escrow Agent shall be entitled to rely on instructions from Buyer and Seller jointly as to the disposition and delivery of the Escrow Fund.

15. Execution. This Agreement may be executed in any number of counterparts which, taken together, is one and the same agreement. This Agreement becomes effective when it has been executed by each party and delivered to all parties, provided, however, that this Agreement shall be effective as between Buyer and Seller when it has been executed by Buyer and Seller and delivered to each of Buyer and Seller. To evidence the fact that it has executed this Agreement, a party may send a copy of its executed counterpart to the other parties by facsimile transmission. Such party is deemed to have executed and delivered this Agreement on the date it sent such facsimile transmission. In such event, such party shall forthwith deliver to the other parties an original counterpart of this Agreement executed by such party.

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

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

18. Governing Law: Jurisdiction. The laws of the Commonwealth of Pennsylvania (without giving effect to its conflicts of law principles) govern all matters arising and relating to this Agreement, including torts. The parties irrevocably agree and consent to the jurisdiction of the United States District Court for the Western District of Pennsylvania and the Court of Common Pleas of Chester County, Pennsylvania, for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated in court shall be filed and litigated (including all discovery proceedings) exclusively in the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Chester County, Pennsylvania, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER

in the case of the Buyer:

Pennsylvania American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055 Attention:
Justin L Ladner, President

with a copy to:

Pennsylvania American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
Attention: Managing General Counsel

Any party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this paragraph for the giving of notice.

Signature page follows.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

EAST COVENTRY TOWNSHIP

By: _____
Printed: _____
Its:

ATTEST:

By: _____
Printed: _____
Its:

ESCROW AGENT:

[_____]

By: _____
Printed: _____
Title: _____

PENNSYLVANIA-AMERICAN WATER COMPANY

By: _____
Printed: _____
Its: President

ATTEST:

By: _____
Printed: _____
Its:

SCHEDULE A*

I. Missing Easements

*to be populated on or before Closing as Buyer proceeds through title review / abstracting process.

EXHIBIT I

Fee Schedule

EXHIBIT II

Terms of Escrow Account

The Escrow Fund shall be continuously invested in an interest-bearing account.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township
66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

25. Provide a copy of all municipal and affiliate contracts to be assumed by buyer as part of the acquisition and a list and annual dollar value of other contracts.

RESPONSE: The attached municipal, affiliate and other contracts to be assumed by PAWC as part of the acquisition are listed below and attached as **Appendices A-25-a-c**. No other contracts exist.

Municipal and Affiliate Contracts

Tab	Agreement	Parties to Contract	Date of Contract
Appendix A-25-a	Land Development and Financial Security Agreement ¹	<ul style="list-style-type: none"> • East Coventry Township • Frickslock Ventures LLC 	December 13, 2024
Appendix A-25-b	Agreement	<ul style="list-style-type: none"> • North Coventry Municipal Authority • North Coventry Township • East Coventry Township 	January 27, 2004
Appendix A-25-c	<i>Pro Forma</i> Conveyance and Allocation Agreement ²	<ul style="list-style-type: none"> • PAWC • East Coventry Township 	- - -

¹ PAWC will assume an partial assignment of the rights and obligations related to applicable sewer assets.

² As described in the Application, the *Pro Forma* Conveyance and Allocation Agreement at Appendix A-25-c is a conditional proposal to be executed only if the Agreement at Appendix A-25-b is not assigned to PAWC.

CONVEYANCE AND ALLOCATION AGREEMENT

This Agreement made this ___ day of _____, by and between Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with offices at 852 Wesley Drive, Mechanicsburg, PA 17055 (“**PAWC**”) and East Coventry Township, a Pennsylvania Township of the Second Class, having offices at 855 Ellis Woods Road, Pottstown, PA 19465 (“**East Coventry**”);

WHEREAS, East Coventry is a party to an agreement (“**Authority Agreement**”) dated January 27, 2004 with North Coventry Township (“**North Coventry**”) and the North Coventry Municipal Authority (“**Authority**”) pursuant to the terms of which the Authority has among other things allocated to East Coventry wastewater treatment capacity of 510,000 gallons per day (“**Allocation**”) and East Coventry has, among other commitments, agreed to share in the operation and maintenance costs of the Authority’s wastewater treatment plant (“**WTP**”);

WHEREAS, East Coventry and PAWC have entered into an Asset Purchase Agreement dated February 7, 2024 (the “**Purchase Agreement**”), pursuant to which East Coventry has agreed to sell to PAWC its wastewater collection and conveyance system (“**East Coventry System**”);

WHEREAS, the Authority has refused to allow the assignment of the Authority Agreement from East Coventry to PAWC, so East Coventry and PAWC are entering into this Conveyance and Allocation Agreement pursuant to which East Coventry will retain a portion of the East Coventry System (which will include the interconnection with the WTP, hereinafter the “**WTP Interconnection**”) and agree to accept and convey all wastewater from the East Coventry System through the Retained System (defined below) to the WTP and PAWC will be responsible for all payments owed by East Coventry to the Authority incurred in connection with such acceptance and conveyance.

WITNESSETH, that for and in the consideration, the receipt and sufficiency of which is hereby acknowledged and the covenants contained herein, the parties are as follows:

1) DEFINITIONS

All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Authority Agreement, which is attached hereto as Exhibit A and made a part hereof.

2) **RETAINED SYSTEM AND POINT OF DELIVERY**

PAWC and East Coventry agree that East Coventry will retain ownership of the interconnection between the WTP (“**Retained System**”) and the East Coventry System . The Retained System is further described in Exhibit B attached hereto and made a part hereof. Also identified on Exhibit B is the point of interconnection between the Retained System and the East Coventry System (“**PAWC/EC Interconnect**”). East Coventry agrees to convey all wastewater from the PAWC/EC Interconnect to the WTP.

As part of the consideration for this Agreement, PAWC agrees to operate and maintain the PAWC/EC Interconnect and the Retained System at no cost to East Coventry, including any and all required repairs and replacements.

3) **ALLOCATION AND ALLOWABLE STRENGTH OF WASTEWATER**

Except as otherwise set forth herein, East Coventry hereby sells, assigns, grants, conveys and transfers to PAWC all of East Coventry’s right, title and interest in and to the Allocation. PAWC hereby accepts such assignment and assumes all of East Coventry’s duties and obligations with respect to the Allocation and agrees to be responsible for all payments due from East Coventry to the Authority in connection with such assignment.

East Coventry agrees to use its reasonable best efforts to keep the Authority Agreement in place and assert any and all of its rights under the Authority Agreement, at the request of PAWC or otherwise.

Upon the Closing of the purchase of the East Coventry System, PAWC agrees that the flow from the East Coventry System will be limited to specific Discharge Criteria, both flow and qualitative, as defined in Exhibit C attached hereto and made a part hereof. Further, PAWC agrees that it will not discharge any Prohibited Wastes as defined in Exhibit D attached hereto and made a part hereof.

The Parties agree that the Allocation is subject to regulatory action and acts of nature and therefore cannot be construed to be an absolute value. Changes in the discharge criteria of the WTP, or changes in the definition of standard strength domestic wastewater by the Department of Environmental Protection (“**DEP**”) or other regulatory agencies, may result in a lesser allocation. Acts of nature, beyond the control of East Coventry or the Authority, including hurricanes, floods, tornadoes, etc., may temporarily delay PAWC’s full use of the Allocation.

4) **OPERATIONAL COMPLIANCE**

4.1. Compliance with all Discharge Criteria as stated in Exhibit C shall be the sole responsibility of PAWC. When received from the Authority, East Coventry will share flow metering data and will share the results of any periodic sampling or other information that is required to be shared with East Coventry by the Authority.

4.2. The Parties recognize that a magnetic flow meter has been installed by the Authority at the WTP Interconnection. The magnetic flow meter includes a totalizer, recording chart, and meter bypass for maintenance of the meter. Under the Authority Agreement, the Authority is responsible for scheduling with the manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification are required to be shared by the Authority with East Coventry and East Coventry hereby agrees to share the same with PAWC immediately following receipt. Within thirty (30) days of its receipt of the report, PAWC may request that East Coventry contest the meter calibration certification report under terms of the Authority Agreement.

4.3. East Coventry will notify PAWC, in writing, when the flow from the East Coventry System is measured at 80% of its Annual Average Daily Flow as shown on Exhibit C. Upon notification, PAWC shall implement a Wasteload Management Program to monitor and, if necessary, restrict additional connections to the East Coventry System in order to meet PAWC's responsibility that the Flow Criteria listed in Exhibit C are not exceeded. East Coventry will provide similar notice to PAWC when the flow from PAWC is measured at 80% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit C. Upon notification, PAWC agrees to investigate and, thereafter, report to East Coventry, within seventy-five (75) days of the date of the East Coventry's notice, PAWC's plan to manage/reduce flows in order to not exceed the Flow Criteria.

If PAWC is notified by East Coventry that the flow from the East Coventry System is measured at 90% of its Annual Average Daily Flow as shown on Exhibit C or that the flow from the East Coventry System is measured at 90% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit C, then PAWC agrees to investigate and, thereafter, report to East Coventry within seventy-five (75) days of the date of the notice of the same from East Coventry, PAWC's written plan to manage/reduce flows in order to not exceed the Flow Criteria. The written plan shall include, but not be limited to, a description of the proposed methods to reduce flows, a schedule to limit new connections and/or a commitment to plan for, and fund additional treatment capacity. East Coventry will notify PAWC if the plan is acceptable and PAWC agrees to consider suggestions from East Coventry for changes to the plan.

4.4. East Coventry will promptly notify PAWC, in writing, if the monthly flow from the East Coventry System exceeds the maximum monthly average flow and/or exceeds the annual average daily flow, as shown in Exhibit C, for a period of ninety (90) consecutive days.

A. Upon notification of exceeding any of the Flow Criteria in Exhibit C, PAWC agrees to investigate and thereafter submit to East Coventry, within one hundred (100) days of the date of East Coventry's notice, an Overload Remediation Plan to manage/reduce flows in order to maintain compliance with the Flow Criteria. Said Overload Remediation Plan shall include an implementation schedule showing the dates on which each step of the plan will be undertaken. Activities include, but may not be

limited to, planning, design, financing, and construction, as may be necessary to provide the required capacities and/or eliminate the excess flows. The Plan shall be reviewed by East Coventry, and if deemed acceptable by East Coventry, a limited number of connections may be allocated to PAWC during the implementation of the Overload Remediation Plan.

B. If, upon the completion of the implementation of the Overload Remediation Plan, PAWC is not able to demonstrate a reduction in flows, then further connections to the East Coventry System shall be prohibited until such time as additional treatment capacity has been made available at the WTP and provisions have been made to increase the flow allocation.

C. If, ninety (90) days after notification, the monthly flow from the East Coventry System exceeds the Flow Criteria stated in Exhibit C and East Coventry is required to pay a surcharge to the Authority on the excess flow above the allowable flow, then PAWC will be responsible for any surcharge East Coventry is required to pay the Authority. Upon reasonable advance notice of such obligation to pay, PAWC will use its reasonable commercial efforts to pay East Coventry in advance of the due date of the payment to the Authority

D. PAWC agrees to pay any fines and penalties and make all improvements to the East Coventry System that are imposed by DEP or any other governmental agency due to violations at the treatment plant that are attributable to PAWC's exceeding the Flow Criteria. PAWC also agrees to prepare and submit all reports and filings mandated by DEP or any other governmental agency about the East Coventry System.

E. In addition to the penalty provisions contained herein, if, at any time, the flow from the East Coventry System exceeds the Flow Criteria, East Coventry, to the extent permitted by law, may pursue any one or more of the following additional remedies:

- (1) Require PAWC to purchase reserve capacity, if East Coventry is required by the Authority to purchase excess capacity, with the price being established by the Authority; or
- (2) Pursue an injunction or any other equitable remedy in any Court or agency of competent jurisdiction; or
- (3) Pursue damages or any other legal remedy in any Court of competent jurisdiction; or
- (4) Pursue any other remedy or administrative order available at law, in equity, or administrative proceeding or otherwise.

4.5. East Coventry will advise PAWC, in writing, if the Authority's random sampling of the discharge from East Coventry does not comply with the Qualitative Criteria on Exhibit C,

or if the discharge contains any Prohibited Waste listed on Exhibit D. Upon notification, PAWC shall identify and eliminate the source of the Prohibited Waste.

A. If the Authority imposes a surcharge on East Coventry for any non-conforming wastewater discharged from the East Coventry System through the PAWC/EC Interconnect to the Authority's system, PAWC will be responsible for paying such surcharge. In addition to the payment of the surcharge, PAWC agrees that if repeated assessments of the surcharge occur, it may (a) be required to pre-treat the offending wastewater, (b) terminate the particular discharger(s) responsible for the non-conforming waste from discharging into the East Coventry System, or (c) if this discharger cannot be identified, refuse further connections to the East Coventry System.

B. PAWC will be responsible for any payment levied by the Authority for any other non-conforming waste that contains any one or more of the Prohibited Waste listed in Exhibit D, which can be shown as being directly attributable to PAWC's wastewater passing through the WTP Interconnection. Additional charges may include fines, repairs to the treatment process, additional laboratory expenses, additional sludge disposal expenses, legal expenses, engineering expenses, etc. Upon reasonable advance notice of such obligation to pay, PAWC will use its reasonable commercial efforts to pay East Coventry in advance of the due date of the payment to the Authority.

4.6. PAWC agrees to prohibit the discharge into the East Coventry System of all industrial wastewaters, unless written approval for such discharge is obtained from the Authority by East Coventry and PAWC adopts pretreatment standards in compliance and with approval of EPA, DEP, the Authority, and other appropriate agencies. PAWC agrees that if any form of industrial wastewaters are accepted in the future by the Authority, PAWC will pay all the costs for additional sampling, treatment, and administrative charges for monitoring and processing of any industrial wastewaters discharged to the East Coventry System.

4.7. PAWC agrees that it shall not permit the dumping of bulk wastewater, septage, sludge, or other wastes into the East Coventry System by private haulers or other persons engaged in the business of transporting wastewater, septage, sludge, or other wastes.

5) CHARGES FOR CONVEYANCE OF WASTEWATER

5.1. Under the terms of the Authority Agreement, East Coventry and the Authority share the annual operating costs for the WTP in proportion to the volume of wastewater discharged by each party into the WTP. PAWC hereby agrees to be responsible for East Coventry's share of the operating costs, provided East Coventry agrees to take all reasonable steps under the Authority Agreement to limit its share.

5.2. The Authority's fiscal year is from February 1 to January 31. On an annual basis, the Authority has agreed to prepare an Estimate for the Operation Costs for the WTP ("**Estimate**") for the upcoming year. Under the terms of the Authority Agreement, the Estimate is to be forwarded to East Coventry when complete and East Coventry hereby agrees to promptly

provide a copy to PAWC after it receives the Estimate from the Authority. East Coventry is expected to receive the Estimate on or before February 28th of each year. In addition, on or before November 1st of each year, the Authority has agreed to provide East Coventry with a Preliminary Estimate of Operating Costs based upon information then available, which East Coventry agrees to promptly provide to PAWC.

5.3. Invoices for payment for wastewater treatment services, surcharges for flows which exceed the Discharge Criteria, and any other invoice sent to East Coventry by the Authority in accordance with the Authority Agreement shall be promptly forwarded by East Coventry to PAWC shall be paid by PAWC to East Coventry within thirty (30) days of the date of the invoice was forwarded. PAWC agrees to be responsible for any late payments charged to it by the Authority if PAWC is late in paying the invoice to East Coventry. Upon reasonable advance notice of such obligation to pay, PAWC will use its reasonable commercial efforts to pay East Coventry in advance of the due date of the payment to the Authority

5.4. Under the terms of the Authority Agreement, at the end of the Authority's fiscal year, an audit of the operation and maintenance costs will be performed by an independent certificated public accountant. The operating and maintenance costs described in Section 5.1 hereof are to be reduced by any operating grants received by the Authority. Based upon the audit of the previous year's operating costs for the WTP and based on the total flows recorded as discharged from the Authority and the WTP Interconnection, a reconciliation calculation will be performed to determine if there was any underpayment or overpayment on the amount due from East Coventry, based on the actual operating expenses. East Coventry will invoice PAWC for any underpayments, and the payment of the invoice shall be due within thirty (30) days of the date of the invoice. PAWC shall pay interest at the rate of Six Per Cent (6%) per annum after thirty (30) days and until the invoice is paid. Overpayments will be applied by East Coventry to future invoices.

5.5. A copy of each year's operating budget of the Authority is to be forwarded to East Coventry within thirty (30) days of the Authority's adoption of the budget and East Coventry agrees to promptly forward the same to PAWC.

5.6. In the event of a dispute regarding treatment charges, East Coventry agrees at PAWC's request to provide written objection to the Authority. East Coventry will work with PAWC to review the calculations and attempt to resolve the dispute with the Authority. Unresolved issues shall be settled in accordance with the dispute resolution provisions of the Authority Agreement. PAWC will continue to make full payment for each invoice until such time as the dispute is resolved. In the event PAWC is correct in its assessment of treatment charges, all overpayments shall be subject to simple interest at the rate of Six Percent (6%) per annum, beginning from the date when the overpayment was received by the Authority. East Coventry agrees to pay these overpayments to PAWC when received from the Authority.

6) COVENANTS OF PAWC

PAWC covenants and agrees with East Coventry that it will, at all times:

- A. Maintain the East Coventry System in good repair, working order, and condition.
- B. Continuously operate the East Coventry System, subject to “force majeure” or all orders, directives, and regulations of the Chester County Health Department, DEP, the Environmental Protection Agency, and any existing or successor agencies with authority to regulate and control the operations of the respective wastewater systems.
- C. From time to time, make all necessary repairs, renewals, and replacements thereof, and all improvements thereto in order to maintain adequate service.
- D. Make available at all reasonable times to East Coventry, or its agents, servants, employees, and representatives access to all records in so far as the same relate to matters covered in this Agreement. PAWC also agrees that East Coventry, its agents, servants, employees, and representatives shall have access to the physical facilities of the East Coventry System at reasonable times in order to assure compliance with the terms and provisions of this Agreement, which access may include representatives of the Authority pursuant to East Coventry’s obligations under the Authority Agreement.
- E. Construct and maintain all manholes, pumping stations, and other facilities in the East Coventry System in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover; no through pick holes) watertight covers.
- F. Provide by January 31 of each year information as requested by East Coventry to provide to the Authority to facilitate preparation of the Authority’s Chapter 94 Annual Wasteload Management Report.
- G. Upon completion of any expansion of the East Coventry System by PAWC, PAWC will provide, without cost to East Coventry, one complete set of reproducible as-built drawings of the expansion, showing complete information as to location, grade and depth of lines, location of manholes, design and location of pump stations, and, also, specifications and technical documents for all equipment installed as a part of the same, and other similar relevant information.

7) FUTURE PLANT EXPANSION COSTS AND CAPACITY

7.1. Under the Authority Agreement, the Authority and East Coventry agreed that the total Project costs of any expansion, renovation, revision, and improvements to the WTP performed, to provide additional treatment capacity for one party, shall be borne solely by said

party. At the written request of PAWC, East Coventry hereby agrees to take any action required under the Authority Agreement to compel the Authority to agree to an expansion, renovation, revision or improvement to the WTP for the sole benefit of the East Coventry System, provided PAWC shall agree to be responsible for all reasonable costs borne by East Coventry in connection with such request and project.

7.2. Under the Authority Agreement, if a capital project is proposed that would add additional treatment capacity for both East Coventry and Authority, the costs of said future project shall be reviewed by the parties and shared pro rata, based on the proportional additional capacity assigned to each party. PAWC agrees to be responsible for East Coventry's reasonable costs in connection with any such capital project provided East Coventry agrees to assign such additional treatment capacity to PAWC

7.3. Under the Authority Agreement, the Authority and East Coventry agreed that if the total project costs for future expansion, renovation, revision, or improvement of the WTP are performed to upgrade the WTP to enable it to meet more stringent effluent standards required of one party's influent stream, then those costs are borne solely by that party. PAWC agrees to be responsible for East Coventry's reasonable costs in connection with any such capital project.

7.4. Under the Authority Agreement, the Authority and East Coventry agreed that the total project costs for future expansion, renovation, revision, or improvement of the WTP performed to upgrade the WTP to enable it to meet more stringent effluent standards and/or to provide for capital improvements or extraordinary repairs which will not increase the total treatment plant capacity shall be shared by Authority and East Coventry, pro rata, based on the proportional capacity assigned to each of these parties. PAWC agrees to be responsible for East Coventry's reasonable costs in connection with any such capital project.

7.5. Under the Authority Agreement, the Authority and East Coventry agreed notwithstanding anything contained in the Authority Agreement to the contrary, that the cost of any expansion, renovation, revision, or improvement to the WTP required as the result of any contributing party other than East Coventry shall not be passed through, charged, or paid in part by East Coventry. East Coventry agrees to use its best efforts to enforce the terms of this agreement.

8) INDEMNIFICATION

8.1. Under the Authority Agreement, East Coventry has agreed to indemnify and save the Authority harmless from any and all costs, expenses, and fines incurred, including any and all legal and administrative expenses incurred, resulting from any waste, substance, material, or gas deposited or discharged into the East Coventry System and released into and/or treated or discharged at the WTP, resulting in Authority being charged with a violation of the Clean Streams Law, the terms, criteria, and conditions of the Authority's Operating Permit, and/or any other statute, administrative regulation, Ordinance, Code, or Order. In any such event, PAWC agrees to indemnify and save East Coventry harmless from any such claim by the Authority to the same extent as East Coventry is obligated to indemnify the Authority.

8.2. Under the Authority Agreement, East Coventry has agreed to be financially responsible for all losses incurred by Authority as a result of the East Coventry System exceeding of the Discharge Criteria contained in the Authority Agreement, and East Coventry further agreed to indemnify and hold harmless the Authority against any and all costs, expense, loss, damage, financial liability, fines, and penalties, including any and all legal and administrative expenses incurred by Authority in regard thereto, that may be incurred by or imposed upon Authority by DEP, EPA, or any other regulatory body with jurisdiction thereof, resulting in whole or in part by reason of wastewater being discharged from the East Coventry System into the WTP in violation of any of the Discharge Criteria of the Authority Agreement or any other terms, conditions, or limits set forth in the Authority Agreement. In any such event, PAWC agrees to indemnify and save East Coventry harmless from any such claim by the Authority to the same extent as East Coventry is obligated to indemnify the Authority.

8.3. Under the Authority Agreement, the Authority agrees to insure, or cause to be insured, the WTP with a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth and as approved by the Authority's Engineer. The Authority does not maintain flood insurance and nothing in the Authority Agreement can be interpreted as requiring the Authority to carry flood insurance on its WTP. The Authority agreed that immediately upon the occurrence of any loss or damage to any part of the WTP which is covered by insurance, the Authority will commence and promptly complete, or cause to be so commenced and promptly completed, the repairing, replacement, or reconstruction of the damaged or destroyed property according to plans and specifications prepared by the Authority's Engineer and shall collect and apply, or cause to be applied, the proceeds of such insurance to the cost of such repair, replacement, or reconstruction. East Coventry hereby assigns to PAWC all rights it has with respect to the Authority's insurance obligations in the Authority Agreement.

8.4 PAWC agrees to indemnify and save East Coventry harmless from any claim for "Losses", as such term is defined in the Purchase Agreement, arising from or relating to the maintenance and operation of the PAWC/EC Interconnect and the Retained System.

9) NOTICES

Notices required herein or as may be necessary during this Agreement shall be deemed made if sent to the parties at the following addresses. A party may change its address by notifying the other via certified mail.

Township of East Coventry
855 Ellis Woods Road,
Pottstown, PA 19465 Mechanicsburg, PA 17055

Pennsylvania-American Water Company
852 Wesley Drive,

10) PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

The parties recognize and expressly agree that the consummation of this transaction is conditioned upon the Pennsylvania Public Utility Commission (“Pennsylvania PUC”) approval of this Agreement. PAWC covenants and agrees to file the Agreement and faithfully defend if necessary the Agreement in any proceedings (and East Coventry agrees to cooperate in such proceedings) in order to obtain the approval of the Pennsylvania PUC. This provision shall not submit East Coventry to any further jurisdiction of the Pennsylvania PUC than is absolutely necessary to proceed pursuant to this Agreement. East Coventry does not, by this Agreement subject itself to the jurisdiction of the Pennsylvania PUC.

11) OTHER REGULATORY APPROVALS

The parties recognize and expressly agree that the consummation of the transaction is conditioned upon receiving all necessary permits and approvals required by PA DEP and any other state or local agencies.

Each party to this agreement will bear their own costs of obtaining their necessary permits under this Agreement. Furthermore each party agrees to provide any information needed by the other party for submission to PA DEP or any other regulatory or governmental agency in connection with securing permits necessary to fulfill the Agreement.

12) DISPUTES

12.1. In addition to any action that may be brought at law or in equity in a Court of competent jurisdiction, the parties hereto agree that if, at any time, a dispute shall arise between them concerning factual determinations under the terms of this Agreement, the matter of dispute may, by consent of both parties, be:

A. Referred to three (3) independent registered consulting engineers registered in the Commonwealth of Pennsylvania, one to be appointed by PAWC, one to be appointed by East Coventry, and one to be appointed by the two appointees so selected.

B. Provided, however, that in the event such appointees cannot agree on the third arbitrator, the President Judge of the Court of Common Pleas of Chester County; Pennsylvania, shall, upon petition of both parties, appoint the third arbitrator.

C. If the parties have mutually agreed to submit a matter to arbitration, the Decision or Award of the majority of such arbitrators shall be final and binding upon the parties hereto, and their respective successors and assigns. East Coventry and PAWC shall each pay the costs of its own appointee and one-half of the costs of the third arbitrator.

13) TERM; AMENDMENTS

13.1. This Agreement shall be effective from the date of signing by all parties until terminated by mutual written consent of PAWC and East Coventry.

13.2. Amendment. This Agreement may be amended from time to time by written consent of the parties to this Agreement.

14) ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and to the respective successors or assigns thereof. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give to any person, firm, corporation, or association other than the parties hereto, any right, remedy or claim, under or by reason of the Agreement or any covenant, condition or stipulation thereof; and this Agreement and covenants, conditions and stipulations set forth herein are and shall be for the sole and exclusive benefit of the parties hereto, their respective successors and assigns. None of the parties hereto shall assign or sublet this Agreement or any of its rights hereunder without the prior written consent of the parties hereto.

15) MISCELLANEOUS

15.1. Inspection. Each party to this Agreement shall provide the others, from time to time, all information relevant and appropriate to the proper administration of their respective responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as, may be reasonably requested, and each shall, at all reasonable times and from time to time, permit their representatives to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

15.2. Force Majeure. Notwithstanding any other provision of this Agreement, no party to this Agreement shall be responsible for damages to any other for any failure to comply with this Agreement resulting from an act of God or looting(?), sabotage, public calamity, flood, strike, acts of terrorists, breakdown of the Authority's wastewater treatment plant, or other event beyond its reasonable control. The party having the responsibility for the facilities affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared to the extent provided elsewhere herein.

15.3. Severability. Should any provision hereof for any reason be held illegal or invalid; no other provision of this Agreement shall be affected; and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

15.4. Headings. The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision hereof.

15.5. **Effective Date.** This Agreement shall become effective as of the date of execution and delivery hereof by the parties hereto.

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

15.7. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

15.8. **Modification.** This Agreement may not be modified or amended except in a writing signed by the parties hereto.

15.9. **Pennsylvania Law.** This Agreement shall be construed according to, be subject to, and be governed by the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, East Coventry and PAWC, intending to be legally bound hereby, have hereunto set their respective hands and seals the day and year first above written.

TOWNSHIP OF EAST COVENTRY

ATTEST:

_____ (Seal)

By: _____

**PENNSYLVANIA-AMERICAN
WATER COMPANY**

ATTEST:

_____ (Seal)

By: _____

Exhibit A – Agreement Among North Coventry Municipal Authority and North Coventry
Township and East Coventry Township, dated January 27, 2004

AGREEMENT

among

**NORTH COVENTRY MUNICIPAL
AUTHORITY**

and

NORTH COVENTRY TOWNSHIP

and

EAST COVENTRY TOWNSHIP

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AGREEMENT

THIS AGREEMENT, made this 27th day of January, A.D. 2004, by and among:

NORTH COVENTRY MUNICIPAL AUTHORITY, a Pennsylvania Municipality Authority, whose office is located at 1485 East Schuylkill Road, Pottstown, North Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "Authority"); and

NORTH COVENTRY TOWNSHIP, a Pennsylvania Township of the Second Class, whose office is located at 845 South Hanover Street, Pottstown, North Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "North Coventry"); and

EAST COVENTRY TOWNSHIP, a Pennsylvania Township of the Second Class, whose office is located at 855 Ellis Woods Road, Pottstown, East Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "East Coventry"),

WITNESSETH:

WHEREAS, Authority has constructed, owns, and is operating a municipal wastewater collection system, a wastewater treatment plant, and related facilities in North Coventry Township, Chester County, Pennsylvania; and

WHEREAS, the Authority's wastewater treatment plant has received a Permit from the Pennsylvania Department of Environmental Protection (hereinafter referred to as "DEP") to treat up to 1,500,000 gallons of wastewater per day; and

WHEREAS, East Coventry and North Coventry are located in the northern portion of Chester County, both having a northern border along the Schuylkill River, and both sharing a common municipal boundary line; and

WHEREAS, East Coventry has adopted an Act 537 Sewage Facilities Plan, identifying a need for wastewater treatment plant capacity for 510,000 gallons of wastewater per day from portions of East Coventry Township which are experiencing malfunctioning on-site sewer systems and demands for new development; and

WHEREAS, Authority and North Coventry have determined that the currently remaining treatment capacity of the Authority's wastewater treatment plant must be retained for property owners within North Coventry Township; and

WHEREAS, East Coventry has agreed to provide all construction and non-construction costs, as well as all other related expenses, for the Authority's expansion of the Authority's existing wastewater treatment plant to provide for 510,000 gallons per day of additional

wastewater treatment capacity (hereinafter referred to as "Treatment Plant Expansion Project" or "Project"); and

WHEREAS, Authority and North Coventry have agreed that Authority should construct the required additional facilities for the Treatment Plant Expansion Project to increase the Authority's Permit by 510,000 gallons per day and to provide for treatment of up to 510,000 gallons of wastewater per day from East Coventry; and

WHEREAS, in addition to paying all of the costs for the Treatment Plant Expansion Project, (estimated at \$2,353,000.00) which represents only a minor expansion of the Authority's facilities because existing treatment units and infrastructure can be utilized for the additional capacity, East Coventry has agreed to pay its proportionate share of the net costs for East Coventry's use of the Authority's existing treatment facilities and infrastructure, as well as the purchase by Authority of additional land, with East Coventry's proportionate share being One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00); and

WHEREAS, East Coventry will be constructing its own wastewater collection system within East Coventry Township for the conveyance of wastewater to the Authority's wastewater treatment plant; and

WHEREAS, North Coventry Municipal Authority and North Coventry Township are agreeable to providing East Coventry Township with not more than 800 EDU's of treatment capacity during the period from signing the Agreement through construction to satisfy and accommodate East Coventry in accordance with the terms and provisions of this Agreement.

WHEREAS, the parties further wish to establish the sharing of the operation and maintenance costs of the Authority's expanded wastewater treatment plant after the completion of the Project; and

WHEREAS, the parties wish to establish the sharing of the costs of future repairs, replacements, and upgrades to the Authority's wastewater treatment plant after completion of the Project.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

Definitions

1.1. Terms and phrases defined in this Section 1.01, for all purposes of this Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

"AADF" shall mean Annual Average Daily Flow, a measurement of wastewater flow expressed in gallons per day, determined by dividing the total wastewater flow (in gallons) under consideration during a calendar year by the actual number of days in such year.

"Act 537" shall mean the Pennsylvania Sewage Facilities Act of January 24, 1966, P.L. (1965) 1535, No. 537, as amended, 35 P.S. §750.1, et seq.

"Act 537 Sewage Facilities Plan" shall mean the comprehensive plan, including all revisions thereto, for the provision of adequate sewage systems adopted by East Coventry and North Coventry, respectively, and submitted to and approved by DEP as provided in and by Act 537 and the regulations of DEP promulgated thereunder.

"Agreement" shall mean this document, its Exhibits, and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with provisions hereof, which phrase sometimes is referred to in this document by use of such words as "hereto", "hereby", "herein", "hereof" or "hereunder".

"Authority" shall mean North Coventry Municipal Authority, a municipality authority incorporated pursuant to the provisions of the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented.

"Authority's Treatment Plant" shall mean all facilities which shall be owned and operated by Authority, from time to time, for the treatment and disposal of wastewater, together with any additions or alterations therein.

"Authority's Wastewater System" shall mean the existing wastewater system, including, but not limited to, all interceptors, collection sewers, and pump stations, the Authority's Treatment Plant, and all related facilities, from time to time, connected therewith, located in and servicing North Coventry and all future additions and alterations thereto, exclusive of the East Coventry Wastewater Collection System; as that term is hereinafter defined.

"Board" shall mean the governing body of the Authority.

"Construction Fund Account" shall mean the special bank account to be established and maintained by the Authority under Section 4.9 of this Agreement and to be used for the payment of all expenses of the Treatment Plant Expansion Project.

"Cost of Treatment Per Gallon" shall mean the quotient obtained by dividing the cost for operation of the wastewater treatment plant during a given period of time by the number of gallons discharged by the plant during the same period of time.

"DEP" shall mean Department of Environmental Protection of the Commonwealth of Pennsylvania or its successor agency.

“Domestic Wastewater” shall mean the normal water-carried household and toilet wastes or wastewater from single or multi-family residences, buildings, structures, businesses, institutions, commercial establishments, and industrial establishments, specifically excluding industrial waste used in production of any commercial or industrial product or water to which there is any contribution of any deleterious, hazardous, toxic, or other waste as may be designated from time to time by the Ordinances, Resolutions, or administrative requirements adopted by the Board of the Authority.

“East Coventry” shall mean the Township of East Coventry, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, acting by and through its Board of Supervisors and, in appropriate cases, acting by and through its authorized representatives.

“East Coventry Wastewater Collection System” shall mean the wastewater collection system to be constructed in the Township of East Coventry, which will be owned and operated by East Coventry, and which will convey and transport wastewater so collected to the Authority’s Treatment Plant under and in accordance with this Agreement.

“EDU” shall mean Equivalent Dwelling Unit, a measure of wastewater flow anticipated for planning purposes to be received from each Residence. For the purposes of this Agreement, the flow for each EDU shall be calculated as 300 gallons per day.

“Engineer” shall mean a Person, who shall be Independent, appointed by the Board of the Authority or the Board of Supervisors of a Township, qualified to pass upon engineering questions relating to wastewater systems and having a favorable reputation for skill and experience in connection with construction and operation of wastewater systems. If such Person shall be an individual, he shall be a professional engineer duly registered under laws of the Commonwealth of Pennsylvania. If such Person shall be a partnership, a corporation, or an association, it shall have a partner, officer, employee or member who is a professional engineer duly registered under laws of the Commonwealth.

“EPA” shall mean the United States Environmental Protection Agency, or, where appropriate, the Administrator or other duly authorized official of said agency or its successor agency.

“Flow Proportioned Composite Sample” shall mean a sample of wastewater taken in proportion to the volume of flow in not greater than one hour increments for a specified period of time in order to accurately represent the wastewater characteristics in the total volume of wastewater being sampled.

“GPD” shall mean gallons per day of wastewater, calculated as total gallons recorded in a particular time period expressed in days divided by the total number or fractional part of days in the same time period.

“Grab Sample” shall mean an individual sample of at least 100 milliliters collected at a randomly-selected representative time over a period not exceeding 15 minutes (or as subsequently defined and amended by DEP relative to NPDES permits).

“Improved Property” shall mean any property, tract, lot, or parcel of real estate upon which is situate an occupied or occupiable structure, building, establishment, use, or activity consistent with the statutes of the Commonwealth of Pennsylvania, as would require wastewater facilities planning, service, and/or improvements as therein defined in Act 537, or other statutes of the Commonwealth of Pennsylvania, as amended.

“Independent” shall mean, with respect to an Engineer, a Person who is not a member of the Board, an officer or employee of the Authority or an elected or appointed official or employee of East Coventry or North Coventry Township, or which is not a partnership, a corporation or an association having a partner, director, officer, member or substantial stockholder who is a member of the Board, an officer or employee of the Authority or an elected or appointed official or employee of either Township; provided, however, that the fact that such Person is retained regularly by the Authority or the Municipality shall not make such Person an employee within the meaning of this definition.

“Industrial Establishment” shall mean any improved property used or intended for use, wholly or in part, for the manufacturing, processing, cleaning, laundering, or assembly of any product, commodity, or article, or any other improved property from which wastes, in addition to other than domestic wastewater, shall or may be discharged, and further subject to the terms, conditions, and provisions hereinafter set forth regarding industrial waste receipt, conveyance, pre-treatment, or treatment.

“Industrial Waste” shall mean any solid, liquid, or gaseous substance or form of energy emitted, expelled, exhausted, rejected, or escaping in the course of any industrial, manufacturing, trade, or business process, or in the course of the development, recovery, or processing of natural resources, as distinct from Domestic Wastewater, as that term is herein defined.

“Maximum Monthly Average Daily Flow” shall mean a measurement of wastewater flow expressed in gallons per day, determined by dividing the total wastewater flow (in gallons) under consideration by the number of days since the last recorded monthly reading, generally 31 days.

“MGD” shall mean million gallons per day of wastewater, calculated as the total gallons expressed in millions of gallons recorded in a particular time period divided by the total number or fractional part of days in the same time period.

“Month” shall mean a calendar month consisting of the days in the particular month (i.e. February has 28 or 29 days, depending upon leap year or not. April, June, September and November have 30 days, with the remaining months having 31 days).

"North Coventry" shall mean the Township of North Coventry, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, acting by and through its Board of Supervisors and, in appropriate cases, acting by and through its authorized representatives.

"NPDES (National Pollution Discharge Elimination System) Permit" shall mean a permit or equivalent document or requirement issued pursuant to Section 402 of the Federal Water Pollution Control Act, also known as the Clean Water Act, 33 U.S.C.A. §1342.

"Project" shall mean the Treatment Plant Expansion Project.

"Residence" shall mean any room, group of rooms, motel unit, mobile home, or other enclosure occupied or intended for occupancy as separate living quarters by a family or other group of persons living together or by persons living alone, and shall include townhouse units, condominium units, apartment units, and apartments in converted single family dwellings, each such unit being deemed a single residence.

"Treatment Plant Expansion Project" or **"Project"** shall mean the expansion of the Authority's Treatment Plant, as the same now exists, as such expansion is contemplated and provided for under and by this Agreement.

"Wastewater" shall mean liquid and water carried Industrial Waste or Domestic Wastewater from dwellings, commercial buildings, industrial facilities and institutions, together with any groundwater, surface water and storm water that may be present, whether treated or untreated, which is contributed into or permitted to enter the Authority's Treatment Plant.

"24-Hour Composite Sample" shall mean a combination of at least eight-sample aliquots of at least 100 milliliters, collected manually or automatically at periodic intervals during the operating hours of a facility over a 24-hour period. The composite must be flow proportional which can be achieved by one of three ways:

(1) Constant sample volume taken at time intervals, between samples, that are proportional to the discharge flow.

(2) Constant time intervals between samples, with varying sample volume proportional to total discharge flow at the time of sampling.

(3) Constant time intervals between samples with varying sample volume proportional to total discharge flow since the last sample was taken.

(or as subsequently defined and amended by DEP relative to NPDES permits).

ARTICLE II

Act 537 Plan Revisions

2.1. North Coventry agrees that the Authority should prepare and present to North Coventry a revision to North Coventry's Act 537 Sewage Facilities Plan for adoption, providing for Authority's wastewater treatment plant capacity to be increased to 2,010,000 gallons per day and to provide for the Authority's wastewater treatment plant to treat up to 510,000 gallons per day of wastewater from East Coventry.

2.2. East Coventry agrees to revise its Act 537 Sewage Facilities Plan to provide for up to 510,000 gallons per day of wastewater from East Coventry to be treated at the Authority's wastewater treatment plant, upon the capacity of the Authority's wastewater treatment plant being increased to 2,010,000 gallons per day, and upon the completion of the Treatment Plant Expansion Project.

2.3. Each party agrees to further amend its Act 537 Plans to be consistent with any approvals required by the Pennsylvania Department of Environmental Protection. Each party shall endeavor to achieve approval by the Pennsylvania Department of Environmental Protection of the capacities stated above.

2.4. Each party shall attempt to implement its Act 537 Selected Plan Alternative in accordance with the proposed schedule found in Section 4.12 of this Agreement.

2.5. Each party to this Agreement agrees to prepare and submit an application for a Fifty Per Cent (50%) reimbursement provided by the Pennsylvania Department of Environmental Protection for preparation of Act 537 Plans and Special Studies.

2.6. East Coventry agrees to pay all costs incurred by North Coventry and Authority in planning and revising North Coventry's Act 537 Sewage Facilities Plan as the Plan relates to East Coventry Township. East Coventry shall have the opportunity to review and comment on the North Coventry/Authority Engineer's estimated cost to prepare an Act 537 Plan for North Coventry. These costs shall be a part of the non-construction costs hereinafter required to be paid by East Coventry.

ARTICLE III

Treatment Plant Expansion

3.1. Authority agrees that, provided East Coventry performs all of its obligations under this Agreement and pays to the Authority all amounts required under this Agreement, and upon obtaining the required approvals of DEP, the Authority will construct an expansion of the Authority's wastewater treatment plant, as described in this Agreement, and Authority will, upon

completion of the Treatment Plant Expansion Project, accept and treat, in accordance with applicable regulations and permits, an amount of wastewater from East Coventry not to exceed an Annual Average Daily Flow, "AADF", of 510,000 gallons of wastewater per day, subject to the terms of this Agreement.

ARTICLE IV

Procedures to Implement Treatment Plant Expansion

4.1. The Authority's Engineer, Spotts, Stevens and McCoy, Inc., has prepared an opinion of estimated expansion project costs to increase the plant capacity for the Authority's wastewater treatment plant to 2,010,000 gallons per day. This opinion was last revised on December 3, 2001, to increase the total estimated Treatment Plant Expansion Project costs to \$2,353,000.00. A copy of the December 3, 2001, cost opinion is attached hereto as Exhibit "A" and made a part hereof. The estimated Project costs listed below shall be revised in accordance with the Act 537 Plans of North Coventry and East Coventry Townships as approved by the Pennsylvania Department of Environmental Protection. The components of the cost opinion are as follows:

Opinion of probable construction costs	
Major process units	\$1,475,200.00
Bonds and insurance (2%)	29,504.00
Mobilization, demobilization (1.5%)	22,128.00
General conditions (4%)	<u>59,008.00</u>
Total Opinion of probable construction costs	\$1,585,840.00
20% construction contingency	317,160.00
Non-construction (budget value only)	<u>450,000.00</u>
Total estimated expansion project costs	\$2,353,000.00

4.2. The costs associated with increasing the capacity of the Authority's treatment plant consist of both construction and non-construction costs. Non-construction costs include, but are not limited to, planning, legal, design, preparation of this Agreement, permitting, bidding, redesign and rebidding (if necessary), construction observation, contract administration, testing, start-up, auditor's fees, permit fees, and all other similar Project expenses.

4.3. East Coventry has requested to connect to the Authority's Treatment Plant shortly after the execution of this Agreement to receive the immediate benefit of wastewater treatment before the Treatment Plant Expansion Project scope and costs are fully known or the construction is completed. There is a risk that the scope, costs and completion time could change substantially as the Project develops. No planning, design or permitting has yet been prepared or approvals obtained. No preliminary treatment requirements for the Expansion Project have been received. No bids for the Expansion Project have been received. The premise of the Project is that all

regulatory approvals can be obtained, and the concept for the plant expansion is based on 2001 regulations. East Coventry is to be solely responsible for the payment of all actual construction and non-construction costs of the Treatment Plant Expansion Project, which may be greater than or less than the estimated Project costs stated above in Section 4.1. The estimated costs of the Expansion Project identified above are cost opinions currently based on limited detail. East Coventry will be responsible for the payments due for all change orders and all other costs and expenses that arise during the course of the Expansion Project. Neither North Coventry nor the Authority will be responsible for the payment of any of the Treatment Plant Expansion Project costs.

4.4. East Coventry will pay Authority Three Hundred Thousand Dollars (\$300,000.00) at the time of the signing of this Agreement, which amount is meant to be used for the payment of the engineering and other non-construction costs of the Treatment Plant Expansion Project anticipated through the time of the receipt of construction bids. This amount is to be placed in a separate Construction Fund Account by Authority and is to be used by Authority for the payment of actual invoices and costs incurred in proceeding with the engineering fees, legal fees, permits, and administration costs of the Treatment Plant Expansion Project. Payments will be made upon approval by Authority of Requisitions submitted. Copies of approved Requisitions with supporting documentation will be provided to East Coventry.

4.5. After the execution of this Agreement and the Authority's receipt of the Three Hundred Thousand Dollars (\$300,000.00) required in Section 4.4 above, the Authority's Engineer will begin the preparation of the requirements for DEP approval, design for bidding, and the bidding and contract drawings, specifications, and documents for the Treatment Plant Expansion Project, in accordance with the preliminary Anticipated Implementation Schedule in Section 4.12 hereafter. Updated estimates of project costs (i.e. updated construction cost opinions, plus updated estimates of non-construction costs) shall be provided by Authority to East Coventry at the following stages of the Expansion Project:

- A. 30 days after completion of Preliminary Design Report. The Report will be based upon the Part 1 NPDES discharge permit issued by the Pennsylvania Department of Environmental Protection;
- B. 30 days after submittal of the Water Quality Management Part 2 Permit application to the Pennsylvania Department of Environmental Protection;
- C. 30 days prior to advertising for bids;
- D. 30 days after receipt of bids.

East Coventry will be given the opportunity to review the design and bidding documents. East Coventry may make suggestions concerning these documents, but the decision concerning the final design, specifications, and bidding documents shall be made solely by Authority.

4.6. After receipt of bids, and provided that the total of the construction contract bids received from the apparent lowest responsible bidders does not exceed One Hundred Ten Per Cent (110%) of the last updated opinion of probable construction costs issued by the Authority's Engineer prior to bidding, the Authority may proceed with the awarding of the construction contracts without any approval from East Coventry.

4.7. If, after receipt of bids, the total of the construction contract bids received from the apparent lowest responsible bidders does exceed One Hundred Ten Per Cent (110%) of the last updated opinion of probable construction costs issued by the Authority's Engineer prior to bidding, Authority and East Coventry shall review the bids received and collectively evaluate what revisions, if any, may be possible to reduce the cost of the construction contracts. If, within forty (40) days of the receipt of bids, both the Authority and East Coventry agree that the contracts should be awarded based upon the bids received, the Authority shall proceed with the awarding of the construction contracts.

If it is necessary to redesign the plant expansion and/or rebid the construction contracts, a revised opinion of probable construction costs shall be issued by the Authority's Engineer. After receipt of the "rebid", and provided that the total of the construction contract bids received from the apparent lowest responsible bidders does not exceed One Hundred Ten Per Cent (110%) of the revised opinion of probable construction costs issued by the Authority's Engineer prior to the "re-bidding", the Authority may proceed with awarding of the construction contracts without any approval from East Coventry.

If, after receipt of the "rebid", the total of the construction contract bids received from the apparent lowest responsible bidders does exceed One Hundred Ten Per Cent (110%) of the revised opinion of probable construction costs issued by the Authority's Engineer prior to rebidding, East Coventry agrees that it will either:

A. Within forty (40) days of the receipt of the rebids, agree that the Authority proceed to award the construction contracts.

B. Stop any further connections to East Coventry's collection system that discharge into the Authority's system, until the Treatment Plant Expansion Project is funded at One Hundred Ten Per Cent (110%) of the total construction contract bid amounts. (Note: the solution to the eventual funding may be the result of further redesign, further rebidding, and/or further negotiation and cost sharing between the parties, or other alternatives, etc.)

4.8. Within thirty (30) days after the award of the construction contracts by the Authority, East Coventry agrees to pay to the Authority any additional sum of money necessary to provide that the Authority's Construction Fund Account contains a balance at least equal to the remaining estimated non-construction Project costs and One Hundred Ten Per Cent (110%) of the Project construction costs (based upon the construction contracts awarded).

4.9. The amounts paid by East Coventry to the Authority under Sections 4.4, 4.8, and 7.4(B) of this Agreement will be placed in the Authority's Construction Fund Account by the Authority, and will be used by the Authority for the payment of construction costs, non-construction costs, change orders, and related Treatment Plant Expansion Project expenses. The Construction Fund Account shall be an interest-bearing account, with interest being used for the Project costs. Payments will be made from the Construction Fund Account upon the approval of the Authority of Requisitions submitted. Copies of Requisitions with supporting documentation scheduled for action by the Authority will be provided to East Coventry seven (7) days prior to the Authority meeting where action is scheduled to be taken on the Requisitions.

The Authority's Engineer shall monitor the balance remaining in the Construction Fund Account, and compare the remaining balance with the amount of work, including change orders, remaining to complete the Project. If, during the construction phase of the Treatment Plant Expansion Project, the amount remaining in the Construction Fund Account is less than the amount at any time or times determined by the Authority's Engineer to be needed to complete the wastewater Treatment Plant Expansion Project, East Coventry will pay to Authority the additional amount or amounts determined by the Authority's Engineer and the Authority to be necessary. The additional amount(s) are to be paid by East Coventry within thirty (30) days of the notification from the Authority to East Coventry of the additional amount(s) which, from time to time, are necessary.

4.10. After the Certificate of Substantial Completion has been issued by the Authority's Engineer and approved by the Authority, East Coventry will be a bulk customer of the Authority's expanded wastewater treatment plant, subject to the limitations in this Agreement. The Authority shall, at all times, be the sole owner of the original treatment plant facilities and of all of the additional treatment plant facilities constructed during the Treatment Plant Expansion Project.

4.11. After final payment to all of the construction contractors, the Authority's Engineer will issue a Report of Final Project Costs. Provided that all payments required by this Agreement have been made by East Coventry to Authority, after approval by the Authority of the Report of Final Project Costs, any balance remaining in the Construction Fund Account, including remaining interest, if any, shall be paid to East Coventry.

4.12. Anticipated Implementation Schedule. A preliminary schedule for implementing the Project is included in this Section. The schedule is labeled "preliminary" at this time because the full scope of some activities is not fully known, nor is the response time from governmental and regulatory agencies known. The schedule is subject to change as the Project develops.

<u>Task</u>	<u>Estimated Duration (months)</u>	<u>Cumulative Time (months)</u>
1 - DEP conditional approval of E. Coventry Act 537 Plan	---	---
2 - Intermunicipal Agreements executed	---	---
3 - Approval to receive limited flow from East Coventry prior to completion of Expansion Project (Note 1)	---	---
4 - Prepare and submit N. Coventry Act 537 Plan of Study	1	---
5 - DEP approval of N. Coventry Act 537 Plan of Study	2	start of time
6 - Prepare N. Coventry Act 537 Plan for Plant Expansion	3	3
7 - DEP review and approval of N. Coventry Act 537 Plan	4	7
8 - Design, permit applications, bid documents (12 month duration)		
8(a) Preliminary Design Report and 30% Design Review	4	11
8(b) 60% Design Review	3	14
8(c) Submit Part 2 Permit Application to DEP	2	16
8(d) 95% Design Review	(2)	
9 - DEP review complete, all permits issued	4	20
8(e) Finalize Plans, Specifications, and Bid Documents	1	21
10 - Authorization to advertise for bids	1	22
11 - Copy, distribute documents, receive bids	2	24
12 - Review bids, bid recommendation	1	25
13 - Notice to East Coventry of required funds, if any	---	25
14 - Receipt of project funds from East Coventry (30 days)	1	27
15 - Issue Notice of Award to lowest responsible bidders	---	27
16 - Preparation, review, execution of contract documents	2	29
17 - Issue Notice to Proceed	1	30
18 - Construction (14 month duration)		
18(a) 30% Construction review	4	34
18(b) 60% Construction review	4	38
18(c) Substantial Completion, Certificate of Substantial Completion to be issued, full flow allocation for East Coventry now		

available	4	42
18(d) Final inspection, final payment to contractors	2	44
19 - Project complete, Report of Final Project Costs to be issued, unused project funds returned	1	45

Notes:

(1) Beginning of actual discharge of flow from East Coventry is dependent on construction of certain East Coventry conveyance facilities. That construction will occur concurrently with the Expansion Project, but does not further impact completion of the above tasks.

ARTICLE V

Payment to Authority for Share of Existing Facilities

5.1. The Authority has determined that the net cost basis of the Authority's existing treatment plant facilities is Five Million Six Hundred Thirty-eight Thousand Four Hundred One Dollars (\$5,638,401.00). This cost basis is calculated based upon the actual expenditures at the treatment plant since 1960 and escalated to September, 2002 values, as provided in Exhibit H.

5.2. In addition to all amounts required to be paid by East Coventry to Authority for the Treatment Plant Expansion Project, East Coventry agrees to pay to Authority One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00), which represents East Coventry's contribution toward the portion of the Authority's existing wastewater treatment plant anticipated to be used by East Coventry and East Coventry's contribution toward the Purchase Price of the additional 4.45 acres of land being purchased by the Authority from East Coventry Township. The required payment of One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) is based upon East Coventry's allocation of 510,000 gallons of available treatment capacity per day of the 2,010,000 gallons per day total treatment plant capacity available after completion of the Treatment Plant Expansion Project. East Coventry's 25.4% of \$5,638,401.00 equals \$1,432,154.00, together with \$31,750.00 toward the land acquisition, for a total of \$1,463,904.00, which is rounded to \$1,464,000.00. East Coventry agrees to pay to the Authority the \$1,464,000.00 as follows:

(a) \$1,250,000.00 at the same time as East Coventry is required to pay to the Authority the 110% of the total of the construction contract bid amounts received from the apparent lowest responsible bidders for all of the required construction contracts under Sections 4.6 and 4.7 of this Agreement.

(b) \$214,000.00 on or before thirty (30) days after the issuance of the Certificate of Substantial Completion by the Authority's Engineer.

In accordance with the provisions of Section 7.4 of this Agreement, payment by East Coventry for sewer permits in excess of the Project construction costs and Project non-

construction costs shall be credited against the above \$1,464,000.00. The above payments, as received, will be deposited to the Authority's accounts.

5.3. The payment by East Coventry of One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) is a fixed cost, and is not subject to further cost escalation after execution of this Agreement.

5.4. All of the Authority's existing treatment plant facilities shall continue to be solely owned by the Authority. No payments made by East Coventry pursuant to any provision of this Agreement shall entitle East Coventry to ownership of the existing or expanded treatment plant, or any interest therein, except for the treatment capacity as expressly granted to East Coventry pursuant to this Agreement.

ARTICLE VI

East Coventry Sewer System

6.1. East Coventry shall, at its sole cost and expense, construct its own wastewater collection facilities within East Coventry Township. The East Coventry wastewater collection system shall be solely owned by East Coventry, and East Coventry will be responsible for the proper repair and maintenance of the East Coventry wastewater collection system.

6.2. East Coventry's Engineer shall inspect the construction of the East Coventry wastewater collection system, and shall, upon completion of each section of construction of the East Coventry conveyance/collection system, issue a written Certificate of Completion to East Coventry and the Authority for each section of the construction which could discharge wastewater for treatment that this section of the East Coventry wastewater collection system has been properly completed and is available for conveyance of wastewater to the Authority's wastewater treatment plant.

6.3. East Coventry's wastewater collection system shall connect to the Authority's treatment plant facilities at a location or locations approved by the Authority.

6.4. East Coventry service area is the East Coventry Act 537 Plan sewer service area as approved by the Pennsylvania Department of Environmental Protection. The initial service area proposed by East Coventry is generally north of Bickel's Run and north of Pigeon Creek and within the East Coventry Township boundaries, as shown on Exhibit "C" attached hereto. Nevertheless, East Coventry may not exceed the flow limitations of this Agreement, or any modifications thereto.

6.5. Existing Improved Properties located in East Coventry Township which are currently connected to the Authority's wastewater collection and treatment system will remain customers of the Authority and will not become customers of East Coventry. The flows from

these Improved Properties will not be included as a part of the East Coventry flow allocation under this Agreement.

ARTICLE VII

Acceptance of East Coventry Sewage Flows Prior to Completion of Treatment Plant Expansion Project

7.1. The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. East Coventry agrees with the use of 300 gallons per day per EDU for the period prior to the completion of the Treatment Plant Expansion Project.

7.2. Within 120 days of the date of this Agreement, East Coventry shall purchase sewer connection permits from the Authority for 800 EDU's of capacity by payment to the Authority of Four Million Six Hundred Thousand Dollars (\$4,600,000.00). Credit shall be given to East Coventry for the Three Hundred Thousand Dollars (\$300,000.00) paid under Section 4.4 of this Agreement. Upon receipt of the net payment of Four Million Three Hundred Thousand Dollars (\$4,300,000.00), the Authority shall issue a bulk sewer permit for these 800 EDU's. East Coventry, in its sole discretion, shall thereafter allocate the EDU's which East Coventry has purchased to those property owners within East Coventry Township. East Coventry shall give written instructions from its Township Secretary to North Coventry Township and the Authority to sign sewer modules for specific projects within East Coventry Township which have been allocated wastewater capacity by East Coventry as a part of the 800 EDU's purchased herein, and stating the number of EDU's allocated to that particular project by East Coventry.

7.3. The Authority agrees to begin accepting wastewater from the East Coventry collection system upon approval of sewer planning modules from East Coventry projects by DEP and upon the receipt of the Certificate of Completion by East Coventry's Engineer that the East Coventry wastewater collection system has been properly completed.

7.4. Upon receipt of the Four Million Three Hundred Thousand Dollar (\$4,300,000.00) payment from East Coventry, the Authority shall:

A. Deposit One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) as funds of the Authority, which represents the amount required to be paid by East Coventry as its contribution under Article V of this Agreement.

B. Deposit Two Million Eight Hundred Thirty-six Thousand Dollars (\$2,836,000.00) into the Authority's Construction Fund Account to be credited by the Authority against the payments required to be made by East Coventry for the Project construction costs and the Project non-construction costs that are required to be paid by East Coventry under Article IV of this Agreement.

7.5. Until completion of the Treatment Plant Expansion Project, East Coventry shall give no allocation to industrial users discharging process wastewater that would require pre-treatment of sewage effluent and wastewater in accordance with the United States Environmental Protection Agency (U.S. EPA) guidelines, procedures and categorical standards published in 40 CFR and future revisions thereto.

7.6. By the 10th day of each month after East Coventry has begun to allow connections to its wastewater collection system, East Coventry will provide the Authority with a written report of the number of single family units and other EDU's which have been connected to the East Coventry wastewater collection system during the previous month and the date of each connection based upon "Use and Occupancy Permits" as have been issued for the particular uses connected to the East Coventry Township collection and conveyance system. Sewer rental bills during the first quarter that an EDU is connected will be pro-rated on a daily basis in that quarter, beginning with the date that the East Coventry Township's Use and Occupancy Permit was issued. Quarterly bills for all connections made to the East Coventry wastewater collection system will be sent as a bulk bill to East Coventry on or about the 15th day following each calendar quarter. In computing the bill to East Coventry, the amount of the quarterly sewer rental for each EDU connected to the East Coventry wastewater collection system will be the same amount charged by the Authority to its customers (currently One Hundred Dollars {\$100.00} per quarter). Payment of invoices shall be as stated in Section 10.7 of this Agreement. These quarterly EDU charges to East Coventry shall continue until the Authority's Engineer has issued the Certificate of Substantial Completion for the Treatment Plant Expansion Project.

7.7. The maximum available EDU's for purchase by East Coventry shall remain at 800 EDU's until the Certificate of Substantial Completion has been issued by the Authority's Engineer for the Treatment Plant Expansion Project.

7.8. Until such time as the Certificate of Substantial Completion of the Treatment Plant Expansion Project has been issued, it is recognized that the capacity for the Authority's treatment plant to accept wastewater from East Coventry Township could be limited by committed EDU's within North Coventry Township and the actual flows recorded at the Authority's wastewater treatment plant. East Coventry releases Authority, and its Board members, from any and all claims, actions, causes of action, of any kind whatsoever, both in law or in equity, that East Coventry now has or may have, should the Authority be unable to accept wastewater flow from East Coventry in accordance with this Agreement because of delays in the completion of the construction of the expansion of the Authority's treatment plant, the certification that the treatment plant has been completed, or because of a prohibition, ban, or restriction from accepting new connections to the Authority's sewer treatment plant imposed by the County of Chester, the Commonwealth of Pennsylvania, the DEP, the Environmental Protection Agency, or any other department or agency of the Commonwealth of Pennsylvania or the United States of America, or any governmental unit, agency, or subdivision thereof, whatsoever. All projections and evaluations shall be performed by the Authority or its Engineer in accordance with Title 25, Chapter 94, of the Pennsylvania Department of Environmental Protection Rules and Regulations in effect at the time the evaluation is performed.

7.9. At any time that the treatment plant, after completion of the Project, is re-permitted at a higher capacity, then the excess of such total actual capacity over the designed and rated capacity shall be allocated Seventy-four and Six-Tenths Per Cent (74.6%) to Authority and Twenty-five and Four-Tenths Per Cent (25.4%) to East Coventry. Likewise, after the completion of the Project, if the total actual treatment plant capacity shall be less than the design or rated capacity of the upgraded treatment plant due to a change in regulations to more stringent effluent standards or to other causes beyond the control of the Authority, then such reduced capacity shall be similarly allocated, Seventy-four and Six-Tenths Per Cent (74.6%) reduction to Authority and Twenty-five and Four-Tenths Per Cent (25.4%) reduction to East Coventry, as a reduction in the respective capacities after the completion of the Project.

ARTICLE VIII

Flow Metering and Wastewater Sampling

8.1. All wastewater flow discharged from one party's system into another party's system shall be metered. Flow meters shall be the continuous measuring type that establishes daily flow measured as gallons per day, that include a totalizer and recording chart and may utilize digital recording of flow data with telemetering.

A. All flow that is pumped or flow that is under pressure in a pipeline shall utilize a magnetic flow meter having a minimum system accuracy at the metering point of plus or minus three per cent of actual flow (metering system includes primary measuring element, transmitter, totalizer, recorder and re-transmitter.)

B. All flow that is not pumped, and is conveyed by gravity, shall utilize an area-velocity flow meter having a minimum system accuracy at the metering point of plus or minus five per cent of actual flow (metering system includes primary measuring element, transmitter, totalizer, recorder and re-transmitter). In addition to the area-velocity flow meter, the installation shall include a standard flume (Palmer Bowlus, Parshall or other non-clog design) which shall be used as a calibration standard for the area-velocity flow meter.

Flow meter system accuracy shall be determined as the square root of the sum of the squares of the accuracy statement of each individual component of the system. All flow meter installations shall be installed in accordance with the manufacturer's recommendations and good design practice. Based on the type of meter installation, these recommendations may include requirements for smooth, tranquil upstream flow conditions, smooth, level flow through flumes, free discharge from flumes, minimum length of straight pipe upstream of the primary measuring device, NEMA 4X classification, and corrosion resistance. Flow meter requirements are subject to change to incorporate future improvements in technology and the most recent specifications from the manufacturer.

Flow Metering of East Coventry Flows Discharged Into Authority System

8.2. The East Coventry sewer service area, under consideration in this Agreement, is proposed to be connected to the Authority's wastewater facilities at only one location. That location is at the Authority's wastewater treatment plant. A magnetic flow meter will be installed on the discharge pipe from the East Coventry's collection system, where the pipe enters the wastewater treatment plant. The magnetic flow meter will include a totalizer, recording chart, and meter bypass for maintenance of the meter. The cost of the flow meter is included in the cost for the Treatment Plant Expansion Project.

8.3. Upon completion of construction, the Authority will own any flow meters that measure flow from East Coventry into the Authority system. The Authority shall be responsible to schedule with the meter manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification shall be sent to East Coventry. East Coventry may contest the meter calibration certification report within thirty (30) days of receipt of the meter calibration report. If the meter calibration certification report is not contested within the thirty (30) days, the report shall be deemed accepted, and not subject to further dispute.

8.4. The flow meter shall be owned by the Authority, and the Authority shall be responsible for the operation, maintenance, and replacement of the flow meter. Where clearly identifiable, the costs of operation, maintenance and replacement of the flow meter will be invoiced to East Coventry. Certain costs that are common for all equipment/instruments at the plant, like electric, which is not easily definable for the specific flow meter, will be included in the overall operation and maintenance costs of the treatment plant, which costs will be shared by East Coventry and Authority in accordance with this Agreement.

8.5. In the event the flow meter is out of service, an estimate of flow will be performed by the Authority based on flow records of the recent past. The estimate will incorporate sound engineering principles, and be adjusted as necessary to account for any unique circumstances. Unique circumstances that would require an adjustment to historical flow records, would include items like extreme wet weather events (hurricane, flood), the recent addition of a large number of connections in East Coventry that would not be reflected in the historical flow records, or other circumstances. If the East Coventry sewer service area is serviced by a water system, water meter readings may be utilized to perform the estimate. The Authority will provide an explanation and calculations for any estimated flows.

8.6. East Coventry connections to the Authority's system at additional point(s) other than contemplated in Section 8.2 can only be made upon approval of the Authority. A flow meter will be required at each point(s) of connection. The flow meter shall be similar in all respects to the meter described above. Design and specifications for additional flow meters shall be submitted to the Authority for review and approval. The costs for flow meters at additional connection points than that described in Section 8.2 shall be paid entirely by East Coventry. Once construction is certified to be complete by the Engineer for East Coventry, and the meter is

installed, calibrated, and certified, the Authority will assume responsibility thereafter for calibration and any future maintenance or replacement. The actual costs of calibration, operation, maintenance and replacement of the flow meter will be included in the operating and maintenance costs of the treatment plant to be shared by East Coventry and Authority in accordance with this Agreement.

8.7. If wastewater flows are insufficient at future points of connection to provide an accurate measurement by a flow meter, the amount of flow shall be determined by the Authority. First, the Authority will determine the number of EDU's connected in the non-metered sewer service area of East Coventry. The number of EDU's will be based on the Authority's adopted "Schedule of EDU's for Type of Use". Next, the number of EDU's will then be multiplied by the Authority's then prevailing unit rate of flow for an EDU (currently, the Authority has established 300 gallons per day as the equivalent flow for each residential unit or for each EDU). The resultant product will be the calculated average daily wastewater flow from the non-metered sewer service area in East Coventry.

The calculated average daily wastewater flow will then be multiplied by the number of days in that month to determine the total flow that month from the non-metered sewer service area, which will then be added to the metered flow from the East Coventry collection system to determine the total flow from the East Coventry collection system that is discharged into the Authority's wastewater facilities. This value for total flow will be used in Article 10 to calculate the charges for treatment of East Coventry wastewater.

The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. After completion of the Expansion Project, East Coventry may request the use of a different value, and the Authority will consider the request. Any request to use a different value should include documentation that incorporates sound engineering principles. An example method to calculate the gallons per day for an EDU would be to divide the total recorded daily flow through an individual collection system flow meter by the number of residential units of the same or similar type connected to and flowing through that individual flow meter.

8.8. Samples of wastewater discharged by East Coventry to the Authority's wastewater facilities may be sampled and analyzed by the Authority on a random basis to insure compliance with the terms of this Agreement. However, compliance with the allowable discharge criteria shall be the responsibility of East Coventry. The costs of sampling and laboratory analysis will be included in the operation costs of the treatment plant.

Flow Metering of Authority Flows Discharged into the East Coventry Collection System

8.9. There is no sewer service area in North Coventry under consideration at this time that is proposed to be connected to any East Coventry collection system. If, however, at some future time, due to topography, cost effectiveness, etc., a sewer service area from North Coventry is connected to an East Coventry collection system, all wastewater flow discharged from North

Coventry into the East Coventry collection system shall be metered. Meter requirements shall comply with Section 8.1.

8.10. Upon completion of construction, East Coventry will own any flow meters that measure flow from Authority into the East Coventry system. East Coventry shall be responsible to schedule with the meter manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification shall be sent to Authority. The Authority may contest the meter calibration certification report within thirty (30) days of receipt of the meter calibration report. If the meter calibration certification report is not contested within the thirty (30) days, the report shall be deemed accepted, and not subject to further dispute.

8.11. The flow meter shall be owned by East Coventry, and East Coventry shall be responsible for the operation, maintenance, and replacement of the flow meter. The actual costs of operation, maintenance, and replacement of the flow meter shall be the responsibility of the Authority and invoiced in arrears quarterly by East Coventry.

8.12. In the event the flow meter is out of service, an estimate of flow will be performed by East Coventry based on flow records of the recent past. The estimate will incorporate sound engineering principles, and be adjusted as necessary to account for any unique circumstances. Unique circumstances that would require an adjustment to historical flow records would include items like extreme wet weather events (hurricane, flood), the recent addition of a large number of connections in North Coventry that would not be reflected in the historical flow records, or other circumstances. If the Authority sewer service area is serviced by a water system, water meter readings may be utilized to perform the estimate. East Coventry will provide an explanation and calculations for any estimated flows.

8.13. Authority connections to the East Coventry system can only be made upon approval of East Coventry. A flow meter will be required at each point(s) of connection. The flow meter shall be similar in all respects to the meter described in Section 8.1. Design and specifications for flow meters shall be submitted to East Coventry for review and approval. The costs for flow meters shall be paid entirely by Authority. Once construction is certified to be complete by the Engineer for Authority and the meter is installed, calibrated and certified, East Coventry will assume responsibility thereafter for calibration and any future maintenance or replacement. The actual costs of calibration, operation, maintenance, and replacement of the flow meter will be the responsibility of Authority and invoiced in arrears quarterly by East Coventry.

8.14. If wastewater flows are insufficient at future points of connection to provide an accurate measurement by a flow meter, the amount of flow shall be determined by East Coventry. First, East Coventry will determine the number of EDU's connected in the non-metered sewer service area of Authority. The number of EDU's will be based on the Authority's adopted "Schedule of EDU's for Type of Use". Next, the number of EDU's will then be multiplied by the Authority's then prevailing unit rate of flow for an EDU (currently, the

Authority has established 300 gallons per day as the equivalent flow for each residential unit or for each EDU). The resultant product will be the calculated average daily wastewater flow from the non-metered sewer service area in North Coventry.

The calculated average daily wastewater flow will then be multiplied by the number of days in that month to determine the total flow that month from the non-metered sewer service area, which will then be added to the metered flow from the Authority's collection system to determine the total flow from the Authority's collection system that is discharged into the East Coventry collection facilities. This value for total flow will be deducted from East Coventry total wastewater flow used in Article 10 to calculate the charges for treatment of East Coventry wastewater.

The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. If, in the future, connections from an Authority sewer service area are connected to the East Coventry collection system, the Authority may request the use of a different value, and East Coventry will consider the request. Any request to use a different value should include documentation that incorporates sound engineering principles. An example method to calculate the gallons per day for an EDU would be to divide the total recorded daily flow through an individual collection system flow meter by the number of residential units of the same or similar type connected to and flowing through that individual flow meter.

8.15. Samples of wastewater discharged by Authority to the East Coventry collection system may be sampled and analyzed by East Coventry on a random basis to insure compliance with the terms of this Agreement. However, compliance with the allowable discharge criteria shall be the responsibility of Authority. The costs of sampling and laboratory analysis will be the responsibility of the Authority if the Authority is not in compliance with the standards contained in this Agreement. If the Authority is in compliance with the standards in this Agreement, then the costs shall be borne by East Coventry.

ARTICLE IX

Flow Allocation and Allowable Strength of Wastewater

9.1. Upon completion of the Treatment Plant Expansion Project and issuance of a Certificate of Substantial Completion by the Authority's Engineer, the Authority will allocate 510,000 gallons per day (gpd) of wastewater treatment capacity to East Coventry. East Coventry agrees that its flow is limited to specific Discharge Criteria, both flow and qualitative, as defined in Exhibit "D", attached hereto and made a part hereof. Further, East Coventry agrees that it will not discharge any Prohibited Wastes as defined in Exhibit "E", attached hereto and made a part hereof.

9.2. The allocation of 510,000 gpd is subject to regulatory action and acts of nature, and therefore shall not be construed to be an absolute value. Changes in the discharge criteria of the treatment plant, or changes in the definition of standard strength domestic wastewater by DEP or other regulatory agencies, may result in a lesser allocation. Acts of nature, beyond the control of the Authority, including hurricanes, floods, tornadoes, etc., may temporarily delay East Coventry's full use of the allocated capacity.

9.3. Compliance with all Discharge Criteria as stated in Exhibit "D" shall be the sole responsibility of East Coventry. On a monthly basis, the Authority will share flow metering data, and will share the results of any periodic sampling that is conducted. It is not anticipated that the Authority would initiate a sampling of flow from East Coventry at the early stages when there will be limited initial flow from East Coventry unless the Authority's plant is not meeting the criteria under the Authority's permit or an unusual occurrence is noted at the Authority's treatment plant.

9.4. The Authority will notify East Coventry, in writing, when the flow from East Coventry is measured at 80% of its Annual Average Daily Flow as shown on Exhibit "D". Upon notification, East Coventry shall implement a Wasteload Management Program to monitor and, if necessary, restrict additional connections to its system in order to meet East Coventry's responsibility that the Flow Criteria listed in Exhibit "D" are not exceeded. The Authority will provide similar notice to East Coventry when the flow from East Coventry is measured at 80% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit "D". Upon notification, East Coventry agrees to investigate and, thereafter, report to the Authority, within ninety (90) days of the date of the Authority's notice, East Coventry's plan to manage/reduce flows in order to not exceed the Flow Criteria.

9.5. The Authority will notify East Coventry, in writing, when the flow from East Coventry is measured at 90% of its Annual Average Daily Flow as shown on Exhibit "D". To prevent an overload and/or permit violation to the treatment plant, East Coventry shall thereafter consult with the Authority before issuing any building permits which would provide for connections of Improved Properties to the East Coventry wastewater collection system. The Authority will provide similar notice to East Coventry when the flow from East Coventry is measured at 90% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit "D". Upon notification, East Coventry agrees to investigate and, thereafter, report to the Authority, within ninety (90) days of the date of the Authority's notice, East Coventry's written plan to manage/reduce flows in order to not exceed the Flow Criteria. The written plan shall include, but not be limited to, a description of the proposed methods to reduce flows, a schedule to limit new connections and/or a commitment to plan for, and fund additional treatment capacity. The Authority shall review East Coventry's plan and may make suggestions concerning the plan. The Authority's review shall be to determine if the plan is reasonable, incorporates proven methods to manage/reduce flows and is implementable. The Authority will notify East Coventry, in writing, when the plan is acceptable. East Coventry agrees to consider suggestions from the Authority.

If, at any time after the ninety (90) day investigation period, East Coventry's flows exceed 95% of the allowable flows due to infiltration and/or inflow problems, East Coventry agrees that it will not issue any building permits for uses on Improved Properties which would be connected to the East Coventry wastewater collection system, unless approval for the connection is made in advance by the Authority.

9.6. The Authority will notify East Coventry, in writing, if the monthly flow from East Coventry exceeds the maximum monthly average flow and/or exceeds the annual average daily flow, as shown on Exhibit "D", for a period of ninety (90) consecutive days.

A. Upon notification of exceeding any of the Flow Criteria in Exhibit "D", East Coventry agrees to:

(1) Stop issuing any further building permits for uses which would connect to the East Coventry wastewater collection system, and

(2) Investigate and thereafter submit to the Authority, within one hundred twenty (120) days of the date of the Authority's notice, an Overload Remediation Plan to manage/reduce flows in order to maintain compliance with the Flow Criteria. Said Overload Remediation Plan shall include an implementation schedule showing the dates on which each step of the plan will be undertaken. Activities include, but may not be limited to, planning, design, financing, and construction, as may be necessary to provide the required capacities and/or eliminate the excess flows.

The Plan shall be reviewed by the Authority, and if deemed acceptable, a limited number of connections may be allocated to East Coventry during the implementation of the Overload Remediation Plan.

B. If, upon completion of the Overload Remediation Plan, East Coventry is able to demonstrate a reduction of flows, then restrictions/prohibitions to further building permits and connections, that were temporarily instituted by East Coventry, may be removed.

C. If, upon the completion of the implementation of the Overload Remediation Plan, East Coventry is not able to demonstrate a reduction of flows, then further connections to the East Coventry system shall be prohibited until such time as additional treatment capacity has been made available at the plant and provisions have been made to increase the flow allocation to East Coventry.

D. If, ninety (90) days after notification, the East Coventry monthly flow exceeds the Flow Criteria stated in Exhibit "D", Subsection I, East Coventry agrees to pay Authority a surcharge on the excess flow above the allowable flow. The surcharge for flow in excess of the allowable flow shall be calculated at the rate of Two Hundred Per Cent (200%), multiplied by the cost of treatment per gallon of wastewater during the month, multiplied by the number of gallons from East Coventry that are in excess of the Maximum Monthly Average Flow. If the

Authority determines that East Coventry is not making a good faith effort to reduce the excess flows, at the end of the calendar year, a similar Two Hundred Per Cent (200%) surcharge is to be paid by East Coventry if the Annual Average Daily Flow from East Coventry exceeds the flow criteria.

E. East Coventry agrees to pay any fines that are imposed by DEP or any other governmental agency due to violations at the treatment plant that are attributable to East Coventry's exceeding the Flow Criteria.

F. In addition to the penalty provisions of this Article, if, at any time, the flow from East Coventry's wastewater collection system exceeds the Flow Criteria, Authority, to the extent permitted by law, may pursue any one or more of the following additional remedies:

- (1) Require East Coventry to purchase reserve capacity, if the Authority determines that such capacity exists, and the Authority is willing to sell such capacity, with the price being established by the Authority;
- (2) Pursue an injunction or any other equitable remedy in any Court or agency of competent jurisdiction;
- (3) Pursue damages or any other legal remedy in any Court of competent jurisdiction; or
- (4) Pursue any other remedy or administrative order available at law, in equity, or administrative proceeding or otherwise.

9.7. The Authority will advise East Coventry, in writing, if the Authority's random sampling of the discharge from East Coventry does not comply with the Qualitative Criteria on Exhibit "D", or if the discharge contains any Prohibited Waste listed on Exhibit "E". Upon notification, East Coventry shall identify and eliminate the source of the Prohibited Waste.

A. The Authority will impose a surcharge for any non-conforming wastewater discharged from East Coventry to the Authority's system. The surcharge will be based on a composite flow proportioned sample taken at the point of connection to the Authority's system.

The surcharge will be calculated based upon the following formula:

$$\% \text{ Surcharge} = 0.5(\text{BOD}_5 - 204) + 0.4(\text{TSS} - 240) + 0.05(\text{NH}_3\text{-N} - 30) + .05 (P - 10)$$

The cost of treatment per gallon is multiplied by the percent surcharge for nonconforming wastewater, and the resultant product is then added to the cost of treatment per gallon of wastewater to determine the Total cost of treatment per gallon. The Total cost of treatment per gallon will be multiplied by the total gallons recorded (and/or calculated), as discharged from East Coventry to Authority during that billing period, and then multiplied by the

number of days in the billing period to determine the total treatment charge for East Coventry wastewater.

Notes:

1. When a value of BOD, TSS, NH_3N , and (or) P is less than the maximum allowable concentrations set forth in the formula, then the maximum allowable value shall be used.
2. The concentrations used in the formula shall be the mean values for any samples analyzed for that period.
3. All sample values are in mg/l.

Payment of the surcharge shall not be deemed as acceptance of a non-conforming waste by the Authority. In addition to the payment of the surcharge, East Coventry agrees that if repeated assessments of the surcharge occur, the Authority may (a) require pre-treatment of the offending wastewater by East Coventry, (b) compel East Coventry to terminate the particular discharger(s) responsible for the non-conforming waste from discharging into the East Coventry system, or (c) if this discharger cannot be identified by East Coventry, require East Coventry to refuse further connections to the East Coventry collection system, all in order to prevent discharges deemed harmful or to have a deleterious effect upon the treatment plant or receiving stream.

B. The surcharge formula specified in 9.7A applies to non-conforming waste that exceeds normal strength sanitary sewage. East Coventry further agrees to pay any charges for any other non-conforming waste that contains any one or more of the prohibited substances listed in Exhibit "E" which can be shown as being directly attributable to East Coventry wastewater passing through one of the East Coventry connection points. Additional charges may include fines, repairs to the treatment process, additional laboratory expenses, additional sludge disposal expenses, legal expenses, engineering expenses, etc.

9.8. The discharge of any industrial wastewater into the Authority's sanitary sewer system, pump stations or treatment plant is prohibited, except as provided for below in this Section. Industrial wastes are typically more concentrated in nature, and contain toxins that are not amenable to biological treatment and/or may inhibit the normal biological process. East Coventry agrees to prohibit the discharge into the East Coventry collection system of all industrial wastewaters, unless written approval for such discharge is obtained from the Authority, and East Coventry adopts pretreatment standards in compliance and with approval of EPA, DEP, the Authority, and other appropriate agencies. East Coventry agrees that if any form of industrial wastewaters are accepted in the future by the Authority, East Coventry will pay all the costs for additional sampling, treatment, and administrative charges for monitoring and processing of any industrial wastewaters discharged to East Coventry's collection system.

9.9. Private or Bulk Dumping Prohibited. East Coventry agrees that it shall not permit the dumping of bulk wastewater, septage, sludge, or other wastes into its wastewater collection system by private haulers or other persons engaged in the business of transporting wastewater, septage, sludge, or other wastes.

ARTICLE X

Charges for Treatment of East Coventry Wastewater

10.1. Upon completion of the Treatment Plant Expansion Project and issuance of a Certificate of Substantial Completion by the Authority's Engineer, East Coventry and the Authority will share the annual operating costs for the wastewater treatment plant in proportion to the volume of wastewater discharged by each party into the wastewater treatment plant. Monthly billings to East Coventry based upon proportionate flow shall commence on the next full month after the Certificate of Substantial Completion is issued.

10.2. The Authority will separate its operating costs between treatment plant costs and collection system costs.

10.3. This Agreement envisions East Coventry connecting and discharging directly at the treatment plant and not utilizing any portion of the Authority's collection system. Under this concept, only East Coventry's proportionate share of the operating costs for the treatment plant would be assessed to East Coventry. If, however, East Coventry connects to the Authority's collection system at some future time, charges for use of the Authority's collection system may be applied, and East Coventry agrees to pay the charges.

10.4. The Authority's fiscal year is from February 1 to January 31. On an annual basis, the Authority will prepare an Estimate for the Operation Costs for the wastewater treatment plant for the upcoming year. The Estimate of Operation Costs will be forwarded to East Coventry. Based on the Estimate, and the anticipated connections to the East Coventry collection system during the upcoming year, East Coventry can establish an estimated user charge for its connections. East Coventry shall receive the Estimate for Operating Costs on or before February 28 of each year. On or before November 1 of each year, the Authority shall provide East Coventry with a Preliminary Estimate of Operating Costs based upon information then available, for East Coventry's use in preparing its budget in accordance with the Township Code.

10.5. On a monthly basis, the Authority will review the flow meter records, and calculate East Coventry's percentage share of the total flow recorded at the treatment plant. East Coventry's percentage share will be multiplied by one-twelfth (1/12) of the Estimate of Annual Operation Costs for the wastewater treatment plant. The product of this multiplication will be the estimated monthly charge for treatment of East Coventry wastewater.

10.6. Based on the resultant charge in Section 10.5, the Authority will invoice East Coventry fifteen (15) days after the close of each month, an estimated monthly treatment charge, for treatment services provided during the previous month. The minimum monthly payment of Three Thousand One Hundred Twenty-five Dollars (\$3,125.00), as provided in Section 10.9C, shall be applied.

10.7. Payment for wastewater treatment services, surcharges for flows which exceed the Discharge Criteria, and any other invoice sent in accordance with this Agreement shall be made by East Coventry within forty-five (45) days of the date of the Authority's invoice. If payment is not made by East Coventry within forty-five (45) days of the date of the invoice, East Coventry agrees to pay to the Authority interest on the unpaid amount at the rate of Six Per Cent (6%) per annum, beginning forty-five (45) days after the date of the invoice and until full payment is made.

10.8. At the end of the Authority's fiscal year, an audit of the operation and maintenance costs will be performed by an independent certified public accountant. The operating and maintenance costs will be reduced by any operating grants received by the Authority. Based upon the audit of the previous year's operating costs for the wastewater treatment plant, and based on the total flows recorded as discharged from each party, a reconciliation calculation will be performed to determine if there was any underpayment or overpayment on the amount due from East Coventry, based on the actual operating expenses. East Coventry will be invoiced for any underpayments, and the payment of the invoice shall be due within forty-five (45) days of the date of the invoice. East Coventry shall pay interest at the rate of Six Per Cent (6%) per annum after forty-five (45) days and until the invoice is paid. Overpayments will be applied to future invoices.

10.9. A listing of the items that are typically included in the operating cost of the wastewater treatment plant are included in Exhibit "F". A copy of the Current Annual Budget for the Authority is attached as Exhibit "G", and a copy of each year's operating budget shall be forwarded to East Coventry within thirty (30) days of the Authority's adoption of the budget.

A. The listing of items is not fixed, and items may be added or deleted as circumstances dictate.

B. The parties acknowledge that not all costs for the operation of the treatment plant can be readily segregated, so, to simplify the calculations for cost sharing, the following items and related percentages are adopted:

<u>Item</u>	<u>Portion Allocable to Treatment Plant</u>
(1) Routine engineering services to Authority	50%
(2) Routine legal services to Authority	50%

(3) Wages, taxes, benefits paid to Authority operating personnel	80%
(4) Wages, taxes, benefits paid to Authority administrative personnel	50%
(5) Administrative expenses	50%
(6) General Insurance (not specific to plant)	80%

C. The parties acknowledge that in the initial period after the Treatment Plant Expansion Project is completed, East Coventry may only have a small number of connections discharging to the treatment plant. The proportioning of operating costs based only on the East Coventry share of total plant flow would create a disproportionate burden on the Authority. Certain expenses will be incurred by the Authority regardless of the amount of wastewater discharged by East Coventry. These "fixed" expenses will increase with the completion of the Treatment Plant Expansion Project and will increase with the additional treatment facilities required to be maintained and available for service.

After East Coventry becomes a bulk user, invoices will be sent to East Coventry on a monthly basis. East Coventry agrees to pay to the Authority each month (a) East Coventry's proportionate share of the operating costs of the treatment plant, based upon flow, or (b) a minimum monthly payment of Three Thousand One Hundred Twenty-five Dollars (\$3,125.00), whichever is greater.

D. The Authority's budget for the current fiscal year is attached to this Agreement.

10.10. In the event of a dispute regarding treatment charges, East Coventry shall provide written objection to the Authority. The parties agree to review the calculations and attempt to resolve the dispute. Unresolved issues shall be settled in accordance with Article XVI. East Coventry shall continue to make full payment for each invoice until such time as the dispute is resolved. In the event East Coventry is correct in its assessment of treatment charges, all overpayments shall be subject to simple interest at the rate of Six Per Cent (6%) per annum, beginning from the date when the overpayment was received by the Authority.

ARTICLE XI

Covenants of the Parties

11.1. Covenants of both East Coventry and Authority: East Coventry and Authority covenant and agree with the other that each will, at all times:

A. Maintain its wastewater system in good repair, working order, and condition.

B. Continuously operate its wastewater system, subject to "force majeure" or all orders, directives, and regulations of the Chester County Health Department, DEP, the

Environmental Protection Agency, and any existing or successor agencies with authority to regulate and control the operations of the respective wastewater systems.

C. From time to time, make all necessary repairs, renewals, and replacements thereof, and all improvements thereto in order to maintain adequate service.

D. Make available at all reasonable times to the other parties or their agents, servants, employees, and representatives access to all records insofar as the same relate to matters covered in this Agreement. Each party also agrees that the other parties, their agents, servants, employees, and representatives shall have access to the physical facilities of the other parties hereto at reasonable times in order to assure compliance with the terms and provisions of this Agreement.

11.2. Covenants of Authority: In addition to the covenants under Section 12.1, Authority covenants and agrees that it will, at all times:

A. Operate and maintain the wastewater treatment plant and make such alterations, repairs, replacements, renewals, and improvements thereto, and to keep the equipment and facilities therein as may be necessary to keep the treatment plant in good repair and efficient operating condition and to meet the standards prescribed by the DEP, United States Environmental Protection Agency, and any other state or Federal governmental authority having jurisdiction thereof. Operation of the plant shall be under the supervision of a treatment plant operator(s) certified by the Commonwealth of Pennsylvania.

B. At all times during the term of this Agreement, for the purpose of performing and carrying out the duties imposed upon the Authority's Engineer by this Agreement, employ as consulting engineers, an independent agency or firm or an independent professional engineer having a favorable reputation for skill and experience in the construction and operation of sewer systems and registered in the Commonwealth of Pennsylvania. The Authority's Engineer shall make and file annually with East Coventry a written report upon the treatment plant and the operation thereof during the prior fiscal year, setting forth its recommendations for the ensuing year and an Estimate of Operating Costs for the treatment plant for the ensuing year. In addition, the Engineer shall provide a copy of the Authority's Chapter 94 Annual Wasteload Management Report to East Coventry by March 31. Until notice to the contrary, the Authority's Engineer shall be Spotts, Stevens and McCoy, Inc., of Reading, Pennsylvania.

C. Maintain proper books of account and records relating to the operation of the treatment plant and employ an independent Certified Public Accountant or firm of accountants registered in the Commonwealth of Pennsylvania to perform the functions and duties required by this Agreement. Such accountant(s) will furnish to Authority and East Coventry, not more than one hundred eighty (180) days after the close of the Authority's fiscal year, a statement and report showing the Net Operating Costs of the treatment plant and the proper allocation thereof between the parties and any capital costs incurred and the proper sharing of those costs.

D. Construct all new manholes, pumping stations, and other facilities of the Authority's system in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover, no through pick holes) watertight covers.

11.3. East Coventry covenants and agrees that East Coventry will, at all times:

A. Charge to its customers sewer rates and charges which will provide receipts of revenues sufficient, together with other funds available, to make all payments required to be made by East Coventry under the provisions in this Agreement.

B. Adopt and enforce Ordinances, Resolutions, Rules, Regulations, and Permits governing wastewater connections and the admission of wastewater into the East Coventry collection system, which Ordinances, Resolutions, Rules, Regulations, and Permits shall be at least as stringent as existing and future Ordinances, Resolutions, Rules, Regulations, and Permits of North Coventry and the Authority. Copies of all such Ordinances, Resolutions, Rules, Regulations, and Permits shall be supplied to Authority within ninety (90) days after enactment by East Coventry of an Ordinance or Regulation.

C. Construct all manholes, pumping stations, and other facilities of the East Coventry collection system in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover; no through pick holes) watertight covers.

D. Adopt, by Ordinance, recognized plumbing standards at least as stringent as those adopted by North Coventry, the standards of BOCA Plumbing Code, and develop certain standards for the installation of "grease interceptors and oil separators".

E. Require each non-residential establishment to meter its water consumption as of the date that such user connects to the East Coventry collection system.

F. Provide to Authority by January 31 of each year information as required by Authority to facilitate preparation of the Authority's Chapter 94 Annual Wasteload Management Report.

ARTICLE XII

As-Built Drawings

12.1. Upon completion of the East Coventry collection system, East Coventry shall provide, without cost to Authority, one complete set of reproducible as-built drawings of the East Coventry collection system, for the use of Authority, showing complete information as to location, grade and depth of lines, location of manholes, design and location of pump stations, and, also, specifications and technical documents for all equipment installed as a part of the same, and other similar relevant information.

East Coventry agrees to provide the above information for any later expansions of the East Coventry collection system, within ninety (90) days of the completion of the expansion.

ARTICLE XIII

Future Plant Expansion Costs and Capacity

13.1. Future Plant Expansion – Single Party Cause. The parties agree that the total Project costs of any expansion, renovation, revision, or improvement to the Authority's wastewater treatment plant performed, to provide additional treatment capacity for one party, shall be borne solely by said party.

13.2. Future Plant Expansion – Overall Plant Upgrade. If additional treatment capacity is provided for both East Coventry and Authority, the costs of said future project shall be reviewed by the parties and shared pro rata, based on the proportional additional capacity assigned to each party.

13.3. Future Plant Expansion Resulting from Meeting Regulatory Requirements – Single Party Cause. Authority and East Coventry agree that if the total project costs for future expansion, renovation, revision, or improvement of the Authority's wastewater treatment plant are performed to upgrade the treatment facility to enable it to meet more stringent effluent standards required of one party's influent stream, then those costs are borne solely by that party.

13.4. Future Plant Expansion Resulting from Meeting Regulatory Requirements – Both Parties. The total project costs for future expansion, renovation, revision, or improvement of the Authority's wastewater treatment plant performed to upgrade the treatment facility to enable it to meet more stringent effluent standards and/or to provide for capital improvements or extraordinary repairs which will not increase the total treatment plant capacity shall be shared by Authority and East Coventry, pro rata, based on the proportional capacity assigned to each of these parties.

13.5. Future Plant Expansion Due to Third Parties Contributing to the System.

Notwithstanding anything contained herein to the contrary, Authority agrees that the cost of any expansion, renovation, revision, or improvement to Authority's wastewater treatment plant required as the result of any contributing party other than East Coventry shall not be passed through, charged, or paid in part by East Coventry.

ARTICLE XIV

Indemnifications

14.1. Should any waste, substance, material, or gas be deposited or discharged into the East Coventry wastewater system and be released into and/or treated or discharged at the Authority's wastewater treatment plant, resulting in Authority being charged with a violation of the Clean Streams Law, the terms, criteria, and conditions of the Authority's Operating Permit, and/or any other statute, administrative regulation, Ordinance, Code, or Order, East Coventry shall indemnify and save Authority harmless from any and all costs, expenses, and fines incurred and resulting therefrom, including any and all legal and administrative expenses incurred in defense of such action.

14.2. East Coventry shall be financially responsible for all losses incurred by Authority as a result of East Coventry's exceeding of the Discharge Criteria contained in this Agreement, and East Coventry does hereby further indemnify and hold harmless Authority against any and all costs, expense, loss, damage, financial liability, fines, and penalties, including any and all legal and administrative expenses incurred by Authority in regard thereto, that may be incurred by or imposed upon Authority by DEP, EPA, or any other regulatory body with jurisdiction thereof, resulting in whole or in part by reason of wastewater being discharged from East Coventry into the Authority's treatment facilities in violation of any of the Discharge Criteria of this Agreement or any other terms, conditions, or limits set forth in this Agreement.

14.3. East Coventry agrees to indemnify and save harmless the Authority against all costs, losses, or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of East Coventry or its agents or employees.

14.4. Authority agrees to indemnify and save harmless East Coventry against all costs, losses, or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of Authority or its agents or employees.

ARTICLE XV

Disputes and Arbitration

15.1. In addition to any action that may be brought at law or in equity in a Court of competent jurisdiction, the parties hereto agree that if, at any time, a dispute shall arise between them concerning factual determinations under the terms of this Agreement, the matter of dispute may, by consent of both parties, be:

A. Referred to three (3) independent registered consulting engineers registered in the State of Pennsylvania, one to be appointed by Authority, one to be appointed by East Coventry, and one to be appointed by the two appointees so selected.

B. Provided, however, that in the event such appointees cannot agree on the third arbitrator, the President Judge of the Court of Common Pleas of Chester County, Pennsylvania, shall, upon petition of both parties, appoint the third arbitrator.

C. If the parties have mutually agreed to submit a matter to arbitration, the Decision or Award of the majority of such arbitrators shall be final and binding upon the parties hereto, and their respective successors and assigns. East Coventry and Authority shall each pay the costs of its own appointee and one-half of the costs of the third arbitrator.

ARTICLE XVI

Term of Agreement; Amendments

16.1. Term of this Agreement. This Agreement shall be effective from the date of signing by all parties until terminated by mutual written consent of North Coventry, Authority, and East Coventry.

16.2. Amendment. This Agreement may be amended from time to time by written consent of the parties to this Agreement.

ARTICLE XVII

Miscellaneous

17.1. Insurance, Repairs, and Reconstruction. The Authority will insure, or cause to be insured, the Authority's wastewater treatment plant with a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth and as approved

by the Authority's Engineer. The Authority does not currently maintain flood insurance; and, nothing in this Agreement is to be interpreted as requiring the Authority to carry flood insurance on its wastewater treatment plant. Immediately upon the occurrence of any loss or damage to any part of said Authority's wastewater treatment plant which is covered by insurance, the Authority will commence and promptly complete, or cause to be so commenced and promptly completed, the repairing, replacement, or reconstruction of the damaged or destroyed property according to plans and specifications prepared by the Authority's Engineer and shall collect and apply, or cause to be applied, the proceeds of such insurance to the cost of such repair, replacement, or reconstruction.

17.2. Inspection. Each party to this Agreement shall provide the others, from time to time, all information relevant and appropriate to the proper administration of their respective responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as, may be reasonably requested, and each shall, at all reasonable times and from time to time, permit their representatives to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

17.3. Force Majeure. Notwithstanding any other provision of this Agreement, no party to this Agreement shall be responsible in damages to any other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, acts of terrorists, breakdown of the Authority's wastewater treatment plant, or of any party's collection system, 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 to the extent provided elsewhere herein.

17.4. Severability. Should any provision hereof for any reason be held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

17.5. Headings. The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision hereof.

17.6. Effective Date. This Agreement shall become effective as of the date of execution and delivery hereof by the parties hereto.

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

17.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

17.9. Successors and Assigns. East Coventry may not voluntarily assign this Agreement without the consent of the Authority, except to a municipality authority incorporated by East Coventry, pursuant to applicable law. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

17.10. Supersedes Prior Agreements. This Agreement supersedes and repeals any prior agreement, contracts, and understandings, written or oral, by or among the parties hereto with respect to the subject matter contained herein. This Agreement contains the entire agreement among the parties hereto, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect.

17.11. Modification. This Agreement may not be modified or amended except in a writing signed by the parties hereto.

17.12. Pennsylvania Law. This Agreement shall be construed according to, be subject to, and be governed by the laws of the Commonwealth of Pennsylvania.

ARTICLE XVIII

List of Exhibits

Exhibit "A" – Construction Cost Opinion for proposed treatment facilities, last revised 12-3-01.

Exhibit "B" – Wastewater Treatment Plant Expansion to 2.01 MGD, by Spotts, Stevens and McCoy, Inc., last revised 7-23-03.

Exhibit "C" – East Coventry Sewer Service Planning Areas, dated 10-20-99, last revised 2-4-03.

Exhibit "D" – Discharge Criteria (both flow and qualitative), 2 pages, last revised 1-14-03.

Exhibit "E" – Prohibited Wastes, 7 pages, last revised 1-14-03.

Exhibit "F" – Line Items Included in the Operating Cost for the Wastewater Treatment Plant, 3 pages, last revised 1-28-03.

Exhibit "G" – Current Annual Budget for Authority's fiscal year 2003-2004, 2 pages.

Exhibit "H" – Estimate of Cost of Existing Treatment Facilities, 4 pages, last revised 9-4-02.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized appropriate officers and their respective seals to be affixed hereto, all as of the day and year first above written.

NORTH COVENTRY MUNICIPAL AUTHORITY

By: Alain H. Floquet Chairman

Attest: [Signature] Secretary

TOWNSHIP OF NORTH COVENTRY

By: William R. Duguid Chairman

Attest: [Signature] Secretary

TOWNSHIP OF EAST COVENTRY

By: [Signature] Chairman

Attest: [Signature] Secretary

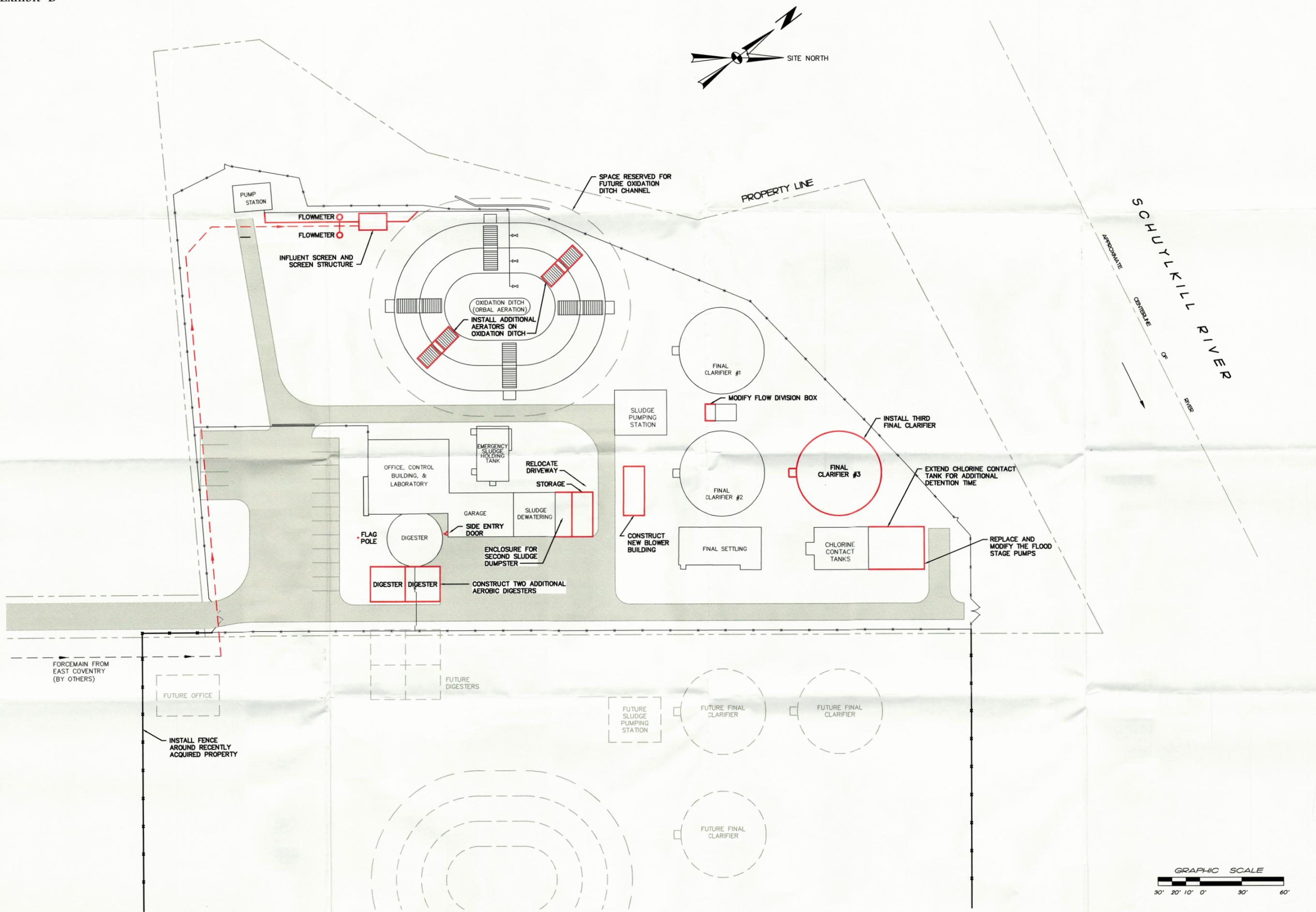
EXHIBIT "A"

NORTH COVENTRY MUNICIPAL AUTHORITY
CONCEPTUAL STUDY - WASTEWATER TREATMENT PLANT EXPANSION TO 2.01 MGD

COST OPINION FOR MAJOR PROCESS UNITS

*Revised 12-3-01

<u>Item</u>	<u>Description</u>	<u>Construction Sub-Total</u>
1	Relocate raw wastewater discharge piping to screen	\$ 15,000
2	Influent Screen and Structure	\$ 273,000
3	Modifications to Oxidation Ditch	\$ 228,000
4	New Final Clarifier	\$ 384,000
5	Modifications to Flow Division Box	\$ 15,000
6	Modifications to Final Settling Tank	\$ 36,000
7	Outfall Pumps and Piping	\$ 38,000
8	New Aerobic Digesters and Blower Building	\$ 361,000
9	Site Work	\$ 29,000
10	Enclosure for Second Sludge Dumpster	\$ 39,000
11	E. Coventry Force main, Flow meters, Sampler	\$ 37,200
12	Miscellaneous	\$ 20,000
Subtotal, Major Process Units		\$ 1,475,200
Bonds and Insurance (2%)		\$ 29,504
Mobilization, Demobilization (1.5%)		\$ 22,128
General Conditions (4%)		\$ 59,008
Total Opinion of Construction		\$ 1,585,840
Construction Contingency (20%)		\$ 317,160
Non-Construction (budget value only)		\$ 450,000
Total Opinion of Probable Project Cost		\$ 2,353,000



NO.	DATE	DESCRIPTION
A	7/23/03	UPDATE CONCEPT
MADE	CHKD	APPD

RELEASED FOR:

PROJECT MANAGER: DATE:
 PLOTTED: DATE:
 BASE BY: K. ROBERTS N.B.:
 DRAWN BY: TAW DESIGNED BY: TAW CHD:
 APPROVED: DATE:

SSM

LEHIGH VALLEY
 MACAPHRIS OFFICE PLAZA, SUITE 401
 1000 W. MARKET ST., SUITE 401
 WHITEHALL, PA 15885-1439
 FAX: 814-343-1588
 Email: Information@ssmgroup.com

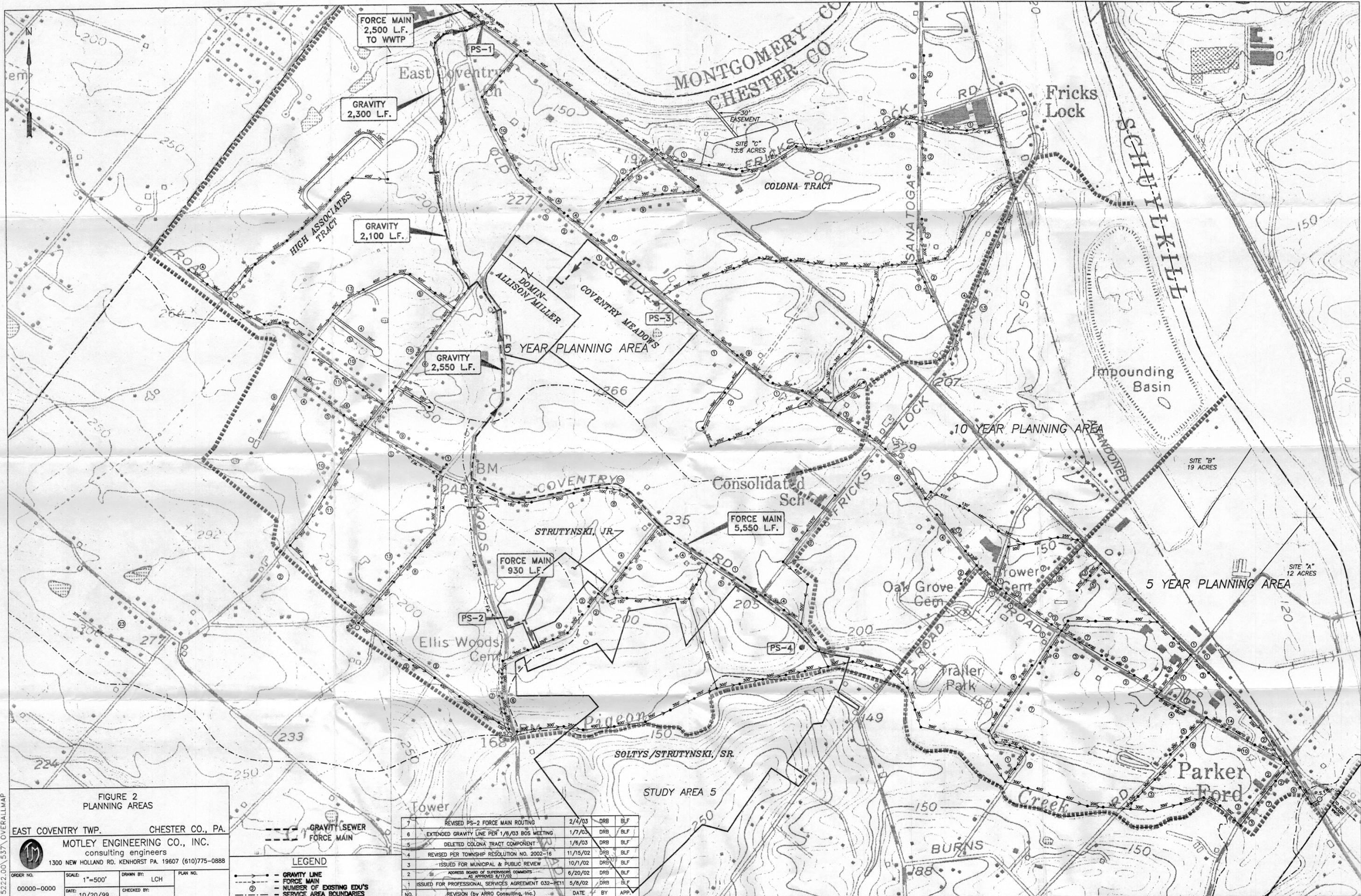
346 N. WYOMING BLVD.
 READING, PA 19601-0007
 READING, PA 19601-0000
 FAX: 610-372-0000

NORTH COVENTRY MUN. AUTH.
 NORTH COVENTRY TOWNSHIP, CHESTER COUNTY, PENNSYLVANIA

CONCEPTUAL DESIGN STUDY
 WASTEWATER TREATMENT PLANT EXPANSION TO 2.01 MGD

COPYRIGHT 2001 SPOTTS, STEVENS AND MCCOY, INC.

7/27/01	5339168
DATE	DIGITAL FILENAME
5339-168	
WORK ORDER NUMBER	
G.1-01	
DRAWING NUMBER	



5222.00\537\OVERALLMAP

EXHIBIT "D" – DISCHARGE CRITERIA

The Intermunicipal Agreement provides for treatment of wastewater from East Coventry Township based on specific discharge criteria. The criteria are defined on the basis of flow parameters (gallons discharged) and on qualitative parameters (i.e. the strength of the wastewater discharged).

I FLOW CRITERIA

The amount of wastewater treated from East Coventry is measured on a "bulk allocation" basis that is, by total flow received at the North Coventry Municipal Authority wastewater treatment plant, rather than by total connections, EDUs, hook-ups, customer bills, etc. that are in East Coventry.

The allocation of treatment capacity for East Coventry is measured and hereby limited to the following flow criteria:

1. Annual Average Daily Flow (AADF) 510,000 gallons per day.
2. Maximum Monthly Average Flow (AADF x 1.2 =) 612,000 gallons per day.
Calculated as a calendar month and as a maximum 30 day running average.
3. Maximum Weekly Average Flow (AADF x 1.5 =) 765,000 gallons per day
Calculated as a calendar week and as a maximum 7 day running average.
4. Maximum Daily Flow (AADF x 2.5 =) 1,275,000 gallons per day
5. Peak Instantaneous Flow (AADF x 4 =) 2,040,000 gallons per day

II QUALITATIVE CRITERIA

The strength or quality of wastewater discharged by East Coventry into the North Coventry Municipal Authority wastewater treatment plant is measured and hereby limited to the following criteria:

A. CONCENTRATIONS

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	204 mg/L	306 mg/L	408 mg/L
Total Suspended Solids	240 mg/L	360 mg/L	480 mg/L
Ammonia as N	30 mg/L	-----	-----
Phosphorous	10 mg/L	-----	-----

B. MASS UNITS

<u>Criteria</u>	<u>Monthly Average</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	868 lbs per day	1302 lbs per day	
Total Suspended Solids	1021 lbs per day	1532 lbs per day	
Ammonia as N	127 lbs per day	-----	-----
Phosphorous	42.5 lbs per day	-----	-----

C. NPDES PERMIT LIMITS

The above criteria are based on the current treatment plant process design, and on the current NPDES discharge permit values. Any future change of criteria as required in future NPDES permits will be applied proportionately to the East Coventry qualitative limits.

D. ANY PROHIBITED WASTE AS DEFINED IN EXHIBIT "E"

END OF SECTION

EXHIBIT "E" - PROHIBITED WASTES

Prohibited wastes include any discharge other than that traditionally defined as Sanitary Sewage, where Sanitary Sewage means the normal water-carried household and toilet wastes from residences, apartments, business buildings, institutions, commercial and industrial (non-process discharges only) establishments or any other improved property.

The Authority reserves the right to refuse permission to connect to the Sewer System, to compel discontinuance of use of the Sewer System, or to compel pretreatment of Industrial Wastes by any establishments, in order to prevent discharges deemed harmful, or deemed to have a deleterious effect upon the Sewer System.

A discharge exceeds normal strength Sanitary Sewage and is a prohibited waste if any one or more of the following criteria enumerated in 1 through 6 (inclusive) are exceeded:

1. Any discharge exceeding normal domestic strength sanitary sewage, as defined by the following criteria:

BOD ₅	204 mg/L
Total Suspended Solids	240 mg/L
Total Dissolved Solids	500 mg/L
Settleable Solids	10 ml/L
COD	500 mg/L
Ammonia-nitrogen	30 mg/L
Organic Nitrogen as N	15 mg/L
Total Kjeldahl Nitrogen	45 mg/L
Phosphorus (as P)	10 mg/L
Alkalinity (as CaCO ₃)	between 50 mg/L and 200 mg/l
pH (standard units)	between 6.5 and 9.0

2. Any discharge containing storm water, surface water, spring water, roof runoff, subsurface drainage, building foundation drainage, cellar drainage, drainage from roof leader connections.
3. The following discharges of any liquid or solid wastes, substances or matter, are prohibited:
 - A. Any discharge having a temperature higher than 140 degrees Fahrenheit, or less than 32 degrees Fahrenheit.
 - B. Any discharge containing more than 100 milligrams per liter of dissolved fat, oil, wax, grease, either vegetable or mineral, or containing any substance which may solidify between 32 and 100 degrees Fahrenheit. Any discharge containing floatable oils, fats or grease.

- C. Any discharge of liquids, solids or gases which by reason of their nature or quantity are, or may be sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the sewer facilities or to the operations of the sewer facilities.

At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system) be more than five percent (5%) nor any single reading over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.

Prohibited materials include, but are not limited to: gasoline, kerosene, naphtha, benzene, toluene, xylene, alcohols, ethers, ketone, aldehydes, peroxides, chlorates, perchlorates, bromate, carbides, hydrides, sulfides, fuel oil, motor oil, paint products, acid or other volatile, explosive or flammable substance which by reason of its nature or quality may cause fire or explosion, or be in any way injurious to persons, to the sanitary sewers or to the wastewater treatment facilities.

- D. Any discharge containing toxic, noxious, poisonous or malodorous solids, liquids or gases, vapors, fumes or substance, which either singly or by interaction with other wastes, is capable of:
- creating a public nuisance or hazard to life;
 - preventing routine entry into sewers for normal maintenance and repair;
 - may cause worker health and safety problems;
 - interfering with any wastewater treatment process;
 - constituting a hazard to humans or animals;
 - causing, alone or in conjunction with other sources, the treatment plant's effluent to fail a Whole Effluent Toxicity test;
 - creating any hazard in the receiving waters or in the wastewater treatment plant.

Toxic wastes shall include but not be limited to wastes containing cyanide, chromium, copper and nickel ions, or any pollutant identified pursuant to Section 307 of the Clean Water Act, as amended 33 U.S.C. 1251, et. seq.

- E. Any discharge containing any garbage from kitchen wastes that has not been properly shredded.

- F. Any discharge, in quantities or of such size capable of causing obstructions in the sewers, pump stations or other interferences with the proper operation of the wastewater treatment facilities, containing, but not limited to:

- animal guts or tissues, paunch manure, butchers, offal, bones, hair, hides or fleshing, entrails.
- antifreeze
- any solids greater than one-half inch in any dimension,
- ashes

- bentonite
- blood or blood components or products
- building materials
- ceramic wastes
- china
- cinders
- detergents, surfactants or other agents in quantities that cause excessive foaming at the wastewater treatment plant
- feathers
- glass, glass grindings or polishing wastes
- grass clippings
- hair
- leather
- lye
- medical wastes
- metal
- mud
- paper dishes, paper cups, paper or cardboard containers,
- petroleum products (including plastics, gasoline, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil)
- plastic
- porcelain
- rags
- rubber
- sand
- sharps (needles, razor blades, syringes, scalpels, etc.),
- shavings
- sludge, screenings or other residues from treatment processes of others
- spent grains
- spent hops
- spent lime
- straw
- stone or marble dust
- tar
- waste paper
- wood
- or any other solids or viscous substances capable of causing obstruction to the flow in sewer system or other interference with the proper operation of the sewer system or wastewater treatment plant.

G. Any discharge containing inert, insoluble solids such as: asphalt, clay, slag, mill scale, or sludges and slurries:

H. Any discharge having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment or personnel.

- I. Any discharge containing total solids of such character and quality that unusual attention or expense is required to handle such materials at the wastewater treatment plant.
- J. Any discharge containing radioactive isotopes.
- K. Any discharge of discolored materials containing true color from any source and of any hue with less than the equivalent luminescence and greater than the equivalent purity of a 250 color unit platinum-cobalt stock standard, as determined by spectrophotometric methods. Equivalent values shall be determined at the dominant wave length of the sample and compared to the values determined at the dominant wavelength of the stock standard.

Any discharge with sufficient color that is not removed by the treatment process that causes the plant effluent to have true color discharge in excess of 100 color units.

Any dye that is non-responsive to removal by alum coagulation to remove suspended or colloidal matter, and/or non-responsive to chlorine bleaching of the dissolved dyes.

- L. Any discharge, that individually or in combinations with other wastes, exerts a chlorine demand in excess of 12 mg/L, at a detention time of 15 minutes, on the effluent of the plant after biological treatment and prior to disinfection.
- M. Any discharge which will cause the wastewater treatment plant to violate its NPDES and /or Water Management Permit, or violate the water quality standards for the receiving stream. Any discharge containing wastes which are not amenable to biological treatment or removal by the existing treatment processes, or are only partially amenable to treatment such that the plant effluent does not meet the regulatory requirements; specifically, any discharge containing non-biodegradable complex carbon compounds.
- N. Any discharge containing suspended solids of such character and quantity that unusual attention or expense shall be required to handle such water or waste at the wastewater treatment plant.
- O. Any discharge containing more than 25 mg/L of petroleum oil, non-biodegradable cutting oils, or products of mineral oil origin.
- P. Any discharge prohibited by any permit or regulation of Pennsylvania Department of Environmental Protection, or the Environmental Protection Agency.
- Q. Any discharge of waste slugs, such that the discharge exceeds the allocated flow criteria and the peaking factors associated with the flow allocation.

- R. Any discharge of concentrations of anions, cations, and other various objectionable substances that would make the Authority responsible discharging such substances in excess of that amount permitted in the allocated portion of the critical flow of the receiving stream.
- S. Any discharge from a trucked or hauled source.
- T. Any discharge which may cause the treatment plant's effluent or other product of the treatment plant (such as residues, sludge, or scum) to be unsuitable for reclamation, disposal, and reuse, or to interfere with the reclamation process.

In no case shall a substance discharged to the sewer system cause the treatment plant to be in noncompliance with sludge use or disposal criteria, guidelines, or regulations developed under Section 405 of the Clean Water Act, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management method being used at the treatment plant.

- U. Any waste stream with a closed cup flashpoint of less than 140 degrees fahrenheit (that is, discharges whose vapors ignite and burn at less than 140 degrees fahrenheit.)
 - V. Any discharge containing detergents, surface active agents, or other substances which may cause excessive foaming in the treatment plant.
4. Any discharge which violates the Federal Categorical Pretreatment Standards as defined in 40 C.F.R., Subchapter N, Part 401 to 471, as amended and revised.
 5. Any discharge which violates the Pennsylvania State Pretreatment Standards, where those state standards are more stringent than Federal or the Authority's standards:
 6. Concentrations for elements or compounds in excess of the following:

Aluminum	5.00 mg/L
Ammonia (as N)	30.00 mg/L
Antimony	0.10 mg/L
Arsenic	0.05 mg/L
Barium	1.00 mg/L
Beryllium (as Be)	0.10 mg/L
BOD ₅	204.00 mg/L
Boron	1.00 mg/L
Bromides	250.00 mg/L
Cadmium (as Cd)	0.01 mg/L
Chemical Oxygen Demand	500.00 mg/L
Chlorides	50.00 mg/L
Chrome	0.10 mg/L

Chromium (hexavalent)	0.10 mg/L
Chromium (trivalent)	0.50 mg/L
Cobalt	0.50 mg/l
Copper	1.00 mg/L
Cyanides (as CN)	0.20 mg/L
Endrin	0.0004 mg/L
Fluorides	5.0 mg/L
Hydrogen Sulfides	0.10 mg/L
Iron	5.0 mg/L
Lead	0.05 mg/L
Lithium	2.50 mg/L
Lindane	0.008 mg/L
Magnesium	25.00 mg/L
Manganese	0.20 mg/L
Methoxychlor	0.20 mg/L
Methylene Chloride	0.40 mg/L
Molybdenum	0.10 mg/L
Mercury	0.05 mg/L
Nickel	0.25 mg/L
Phenols	0.001 mg/L
Phosphates (as PO ₄)	50.00 mg/L
Phosphorus (as P)	10.00 mg/L
Selenium	0.01 mg/L
Silver	0.10 mg/L
Sulfates	500.00 mg/L
Suspended Solids	240.00 mg/L
Tin	1.00 mg/L
Total Dissolved Solids	500.00 mg/L
Total for all Priority Pollutants	15.0 mg/L
Total Halogenated Organics	2.00 mg/L
Total Kjeldahl Nitrogen	45.00 mg/L
Toxaphene	0.01 mg/L
Vanadium	0.10 mg/L
Zinc	0.50 mg/L
2,4,5-TP Silvex	0.02 mg/L

Specific Toxic Substance Notification Levels (for manufacturing, commercial, mining, silvicultural discharges):

Acrolein	200 ug/L
Acrylonitrile	200 ug/L
2-, 4-Dinitrophenol	200 ug/L
2-methyl, -4, -6 dinitrophenol	500 ug/L

The above criteria is subject to amendment based on process performance, new requirements from regulatory agencies, or technical developments.

Laboratory analysis shall be performed on a representative 24-hour composite sample (or grab sample at discretion of the Authority) and all analytical procedures shall be consistent with the latest revised edition of Standard Methods for the Examination of Water and Wastewater.

END OF SECTION

EXHIBIT "F"
NORTH COVENTRY MUNICIPAL AUTHORITY

LINE ITEMS INCLUDED IN OPERATING COST
for
WASTEWATER TREATMENT PLANT

Item	Fiscal Year 2003 Values for Cost Sharing
1. Salaries, wages, payroll expenses, benefits at 80% =	\$ 231,281.60
2. Parts, maintenance and repairs	\$ 29,500.00
3. Sludge Dewatering and Disposal	\$ 53,400.00
4. Chlorine and Chemicals	\$ 3,600.00
5. Electric	\$ 65,000.00
6. Heating (natural gas)	\$ 2,500.00
7. Laboratory analysis(including outside labs) and supplies	\$ 2,000.00
8. Permit fees and testing (permit renewal every 5 years)	\$ -
9. Materials and Supplies	\$ 4,000.00
10. Computer system program and technical support at 80% =	\$ 3,200.00
11. Plant Flowmeters: maintenance, repair and calibration	\$ 500.00
12. Engineering Services for Plant	\$ 7,200.00
13. Legal Services for Plant	\$ 500.00
14. Insurance for Plant	\$ 11,220.00
15. Administrative Costs at 50% =	\$ 96,639.00
16. less Act 339 Grant	<u>\$(132,764.00)</u>
 TOTAL NET OPERATING COST FOR PLANT	 \$ 377,776.60

EXHIBIT "F"
NORTH COVENTRY MUNICIPAL AUTHORITY

WORKSHEET - ITEMS INCLUDED IN PLANT OPERATING COST

Item	Fiscal Year, 2003 Budget Value	Extension
1. Salaries, wages, payroll expenses, benefits		
Wages	\$ 200,382.00	
Benefits and retirement	\$ 62,800.00	
Unemployment compensation	\$ 520.00	
Insurance - Workers compensation	\$ 10,070.00	
Social Security	\$ 15,330.00	
	\$ 289,102.00	80% \$ 231,281.60
2. Parts, maintenance and repairs	\$ 29,500.00	\$ 29,500.00
3. Sludge Dewatering and Disposal		
Belt press- maintenance and supplies	\$ 9,500.00	
Landfill costs	\$ 35,000.00	
transportation	\$ 8,900.00	
	\$ 53,400.00	\$ 53,400.00
4. Chlorine	\$ 3,600.00	\$ 3,600.00
5. Electric	\$ 65,000.00	\$ 65,000.00
6. Heating (natural gas)	\$ 2,500.00	\$ 2,500.00
7. Outside laboratory analysis and lab supplies	\$ 2,000.00	\$ 2,000.00
8. Permit fees and testing (NPDES renewal every 5 yrs)	\$ -	\$ -
9. Materials and Supplies	\$ 5,000.00	80% \$ 4,000.00
10. Computer system program and support	\$ 4,000.00	80% \$ 3,200.00
11. Plant Flowmeters: maintenance, repair and calibration	\$ 500.00	\$ 500.00
12. Engineering Services for Plant	\$ 7,200.00	\$ 7,200.00
13. Legal Services for Plant (allowance)	\$ 500.00	\$ 500.00
14. Property Insurance for Plant	\$ 11,220.00	\$ 11,220.00

15. Administrative Costs			
salaries and wages	\$	90,120.00	
benefits and retirement	\$	28,600.00	
unemployment compensation	\$	208.00	
social security	\$	7,280.00	
auditor fee	\$	3,500.00	
paying agent fee	\$	1,100.00	
officer compensation	\$	5,000.00	
office supplies	\$	3,400.00	
telephone - Authority office	\$	6,000.00	
billing expenses	\$	3,800.00	
routine legal services	\$	12,200.00	
legal expenses	\$	1,000.00	
routine engineering services	\$	16,000.00	
public officials E&O insurance	\$	4,100.00	
insurance - gen. liability, auto, umbrella	\$	7,000.00	
bonding for Authority treasurer	\$	470.00	
vehicle maintenance & expenses	\$	3,500.00	
		<u>\$ 193,278.00</u>	50% \$ <u>96,639.00</u>
		Total Budgeted Plant Operating Cost	\$ 510,540.60
		less Act 339 Operating Grant	\$ (132,764.00)
		Net Plant Operating Cost	\$ 377,776.60

16 Non-Plant Items		
collection system maintenance	\$	18,000.00
pump station maintenance	\$	25,000.00
electric - pump stations	\$	20,500.00
misc. operating expenses	\$	658.00
telephone - pump stations	\$	3,500.00
property insurance - pump stations	\$	1,950.00
legal services	\$	17,800.00
legal expenses	\$	1,000.00
engineering services	\$	14,800.00
engineering services for special projects	\$	20,000.00
miscellaneous	\$	577.00
		<u>\$ 123,785.00</u>

check calc, TOTAL 2003 Expenditures = \$,790,585.00

North Coventry Municipal Authority 2003 Budget

OPERATING FUND	2003 Budget
Operation Expenses	
Wages	\$ 200,382.00
Transportation	\$ 3,500.00
Plant - Operation & Maintenance	\$ 30,000.00
Collection System - Maintenance	\$ 18,000.00
Pump Station - Maintenance	\$ 25,000.00
Sludge Removal ; Landfill	\$ 35,000.00
Sludge Removal ; Transportation	\$ 8,900.00
Sludge Filter Press Maint. & Supply	\$ 9,500.00
Computer Sys. Program & Support	\$ 4,000.00
Chlorine	\$ 3,600.00
Materials & Supplies	\$ 5,000.00
Electricity Pump Stations	\$ 20,500.00
Electricity Treatment Plant	\$ 65,000.00
Heating Natural Gas	\$ 2,500.00
Outside Lab. Analysis & Supply	\$ 2,000.00
Employee Benefits & Retirement	\$ 62,800.00
Unemployment Compensation	\$ 520.00
Workers Compensation Insurance	\$ 10,070.00
Miscellaneous	\$ 658.00
Social Security	\$ 15,330.00
Subtotal	\$ 522,260.00
Administration Expenses	
Wages	\$ 90,120.00
Telephone Pump Stations	\$ 3,500.00
Telephone Treatment Plant	\$ 6,000.00
Billing Expenses	\$ 3,800.00
Legal Services	\$ 30,500.00
Legal Expenses	\$ 2,000.00
Engineer Services	\$ 38,000.00
Special Engineer Services	\$ 20,000.00
Auditor Fee	\$ 3,500.00
Paying Agent	\$ 1,100.00
Office Supplies	\$ 3,400.00
Insurance-Gen. Liability, Auto, Umbr.	\$ 7,000.00
Insurance-Property Treatment Pt.	\$ 11,220.00
Insurance-Property Pump Stations	\$ 1,950.00
Insurance-Public Official	\$ 4,100.00
Insurance- Treasurer Bond	\$ 470.00
Employee Benefits & Retirement	\$ 28,600.00
Unemployment Compensation	\$ 208.00
Officers Compensation	\$ 5,000.00
Social Security	\$ 7,280.00
Miscellaneous	\$ 577.00
Subtotal	\$ 268,325.00
Total Expenditures	\$ 790,585.00
Debt Service	
Principal	\$ 220,000.00
Interest	\$ 486,415.00
Subtotal	\$ 706,415.00
TOTAL EXPENDITURES	\$ 1,497,000.00

North Coventry Municipal Authority 2003 Budget

Receipts Anticipated		2003 Budget
Rentals	\$	1,125,000.00
Tapping Fees	\$	350,000.00
Earned Interest	\$	53,100.00
Pa. Act 339 Subsidy	\$	132,950.00
NCWA Reimbr. Personnel Time	\$	30,000.00
<hr/>		
Total Receipts	\$	1,691,050.00

Recommended Projects		
Collection Line Repairs Creek Rd.	\$	314,400.00
Collection Line TV Camera	\$	7,500.00
Brick Manhole Repairs	\$	80,000.00
Geographical Information System		
East Main St. P.S. Force Main & Riverside Dr. Sewer Line		

EXHIBIT "H" -- ESTIMATE OF COST OF EXISTING TREATMENT FACILITIES

NORTH COVENTRY MUNICIPAL AUTHORITY
ESTIMATE OF COST OF EXISTING TREATMENT FACILITIES
Summary of Cost Components

		ENR	Costs
		Index	Indexed to
			3/1/01
1.0	Original Wastewater Treatment Plant - 1960		
	Construction	\$ 296,822.49	
	Non-Construction	\$ 34,305.25	
		\$ 331,127.74	7.62 \$ 2,523,193
2.0	1989 Plant Upgrade		
	Construction	\$ 48,340.40	
	Non-Construction	\$ 16,483.54	
		\$ 64,823.94	1.36 \$ 88,161
3.0	Deduction for demolished facilities		
3.1	Deduction for demolished facilities		
	1960 Project	\$ 143,467.47	7.62 \$ (1,093,222)
	1989 Project	\$ 39,917.00	1.36 \$ (54,287)
3.2	Deduction for Grants, Assessments received		\$ (268,229)
4.0	1997 Plant Expansion		
	Construction	\$ 5,803,912.72	1.0757 \$ 6,243,269
	Non-construction	\$ 1,525,654.13	\$ 1,525,654
		\$ 7,329,566.85	
5.0	Deduction for Contributions received		\$ (5,016)
6.0	Deduction for Portion of Plant that benefits Existing Users		\$ (3,585,816)
	Net Cost Basis for Treatment Plant	\$ 5,373,707	
	USE	\$ 5,374,000	
	Update from March 2001 to Sept 2002		1.0492
		\$ 5,638,401	
	East Coventry share		25.4%
		\$ 1,432,154	
	Round to	\$ 1,432,000	

NORTH COVENTRY MUNICIPAL AUTHORITY
ESTIMATE OF COST OF EXSITING TREATMENT FACILITIES

A. COST OF TREATMENT FACILITIES

"Trended Historical Costs Method"

General Formula:

Historical cost of facilities indexed to current year
Deduct for grants & assesments received
Deduct for demolished facilities
Deduct for facilities which benefit existing users
then divide the adjusted net-cost basis by available capacity = cost per gallon

1.0 Original Wastewater Treatment Plant - 1960
(source - A339 file 5339-160)

Plant site asquisition	\$	6,365.00	
General Construction	\$	138,444.00	
Mechanical	\$	92,646.43	
Heating & Ventilating	\$	9,785.00	
Electric	\$	23,654.66	
Well	\$	857.70	
Interceptors	\$	25,069.70	
			\$ 296,822.49
Subtotal Construction			
Design	\$	16,581.27	
Legal	\$	2,995.45	
Financial costs	\$	543.43	
Interest during construction	\$	4,461.20	
Inspection	\$	9,723.90	
			\$ 34,305.25
Subtotal, non-construction			
Total project cost, 1960 dollars =			\$ 331,127.74

Update to March 2001 dollars

ENR 1960 = 824
ENR 3/01 = 6280

6280/824 = 7.62

7.62

Indexed cost of 1960 treatment plant in March 2001 dollars \$ 2,523,193.38

2.0 Expansion of Chlorine Contact Tank & Chopper pump-1989

Construction	\$	48,340.40
Engineering	\$	16,308.04
Administrative	\$	175.50

Total project cost of 1989 additions \$ 64,823.94

Update to March 2001 dollars

ENR 1989 = 4615
ENR 3/01 = 6280

Factor = 6280/4615 = 1.36

1.36

Cost of 1989 additions in March 2001 dollars \$ 88,160.56

COST OF EXISTING TREATMENT PLANT INDEXED TO MARCH 2001 DOLLARS: \$ 2,611,353.94

3.0 Adjustments

3.1 Deduction for demolished facilities (valuation per DEP in Act 339)				
1960 project	\$	143,467.47	index to 3/01	7.62 \$ (1,093,222.12)
1989 project	\$	39,917.00	index to 3/01	1.36 \$ (54,287.12)

3.2 Deduction for proportionate share of grants, assessments, etc

Federal Grant (1959-60)	\$	122,323.81
Federal Grant (1965-66)	\$	12,090.00
Resolution of Assesment (1959-60)	\$	433,324.80
Resolution of Assesment (1965-66)	\$	102,075.00
Resolution of Assesment (1971)	\$	210,220.00
TOTAL GRANTS & ASSESSMENTS	\$	880,033.61

Proportion grants between existing plant and existing collection system:

Existing Plant in 3/01 dollars	\$	2,611,353.94		
Existing Lines in 3/01 dollars	\$	5,956,250.00	factor =	0.30479
	\$	880,033.61	0.30479	\$ (268,228.93)
ADJUSTED COST BASIS OF EXISTING FACILITIES:				\$ 1,195,615.77

4.0 Estimated Final Construction Costs for New Plant

General	\$	4,700,768.13
Concrete testing	\$	16,316.47
Owner direct purchase	\$	80,000.00
HVAC	\$	78,083.23
Plumbing	\$	160,262.00
Electrical	\$	768,482.89
Total Cost for New Plant	\$	5,803,912.72

Update Construction Costs from receipt of bid November 1997 to March 2001

ENR 11/97 = 5838	6280/5838=1.0757	1.0757	\$ 6,243,268.91
ENR 3/01 = 6280			

5.0 Ratio of New Plant Construction Contracts to New Collection System Contracts

Plant - Contract #1	\$	4,700,768.13
Plant - Contract #2	\$	78,083.23
Plant - Contract #3	\$	160,262.00
Plant - Contract #4	\$	768,482.89
Lines - Contract # 5	\$	3,395,300.00
Lines - Contract # 6	\$	3,349,092.66
Total Construction	\$	12,451,988.91

Ratio of Plant to Total Construction =	0.4584
Ratio of Collection System to Total Construction =	0.5416

6.0 Non-Construction Costs

6.1 Engineering thru 12/31/00 for plant

Design (-107,-108,-109,-110)	\$	215,000.00	
Permits (-111, -120)	\$	8,774.77	
Construction Phase(130,131,132,133,-134)	\$	236,692.66	
Operations Consulting	\$	18,289.67	
Estimated engr to complete	\$	<u>5,000.00</u>	
SUBTOTAL			\$ 483,757.10

6.2 Non engineering costs to 12/31/00 for plant

Permit fees	\$	6,600.00	
Initial start-up supplies	\$	<u>10,000.00</u>	
SUBTOTAL			\$ 16,600.00

6.3 Project development costs common to plant & lines:

Reimburse Authority advanced funding	\$	145,991.36	
Planning Costs (un-reimbursed portion)	\$	35,500.00	
Solicitor	\$	23,684.72	
Bidding	\$	28,923.35	
Project Admin-101	\$	5,483.78	
Interest on Loan	\$	508,153.45	
Capitalized Interest	\$	1,041,996.17	
Insurance Premium	\$	42,603.00	
OID	\$	224,975.15	
Underwriter Discount	\$	62,135.00	
Issuance cost - Loan	\$	28,678.34	
Pennvest Application	\$	12,014.51	
Issuance cost - Bonds	\$	49,078.90	
Misc. financing fees	\$	3,234.89	
Engineers Assistance w/ financing	\$	<u>24,388.73</u>	
SUBTOTAL			\$ 2,236,841.35

Project development costs proportioned for plant	0.4584	\$	<u>1,025,297.03</u>
TOTAL BASE COST FOR EXIST & NEW TREATMENT PLANT			\$ 8,964,538.81

7.0 Adjustments to Base Costs for treatment plant

7.1 Deduction for contributions toward construction Spotts, Stevens, & McCoy		\$	(5,016.00)
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7.2 Deduct portion of cost that benefits existing users

Allow existing users are 0.6 mgd (AADF prior to construction)
then, benefit to existing user = 0.6 mgd/1.5 mgd = 40%

Deduct 40% of Base Costs	\$ 8,964,538.81	40%	\$	<u>(3,585,815.53)</u>
NET COST BASIS for TREATMENT PLANT			\$	5,373,707.29

Exhibit B – Retained WW Collection Assets

Ownership of the identified retained asset currently in the East Coventry Collection system will remain with East Coventry Township. The retained asset is a 1' of section of 8" PVC Force Main located immediately upstream of the collection system's entry to North Coventry's collection system. The retained asset is identified in the drawing below.

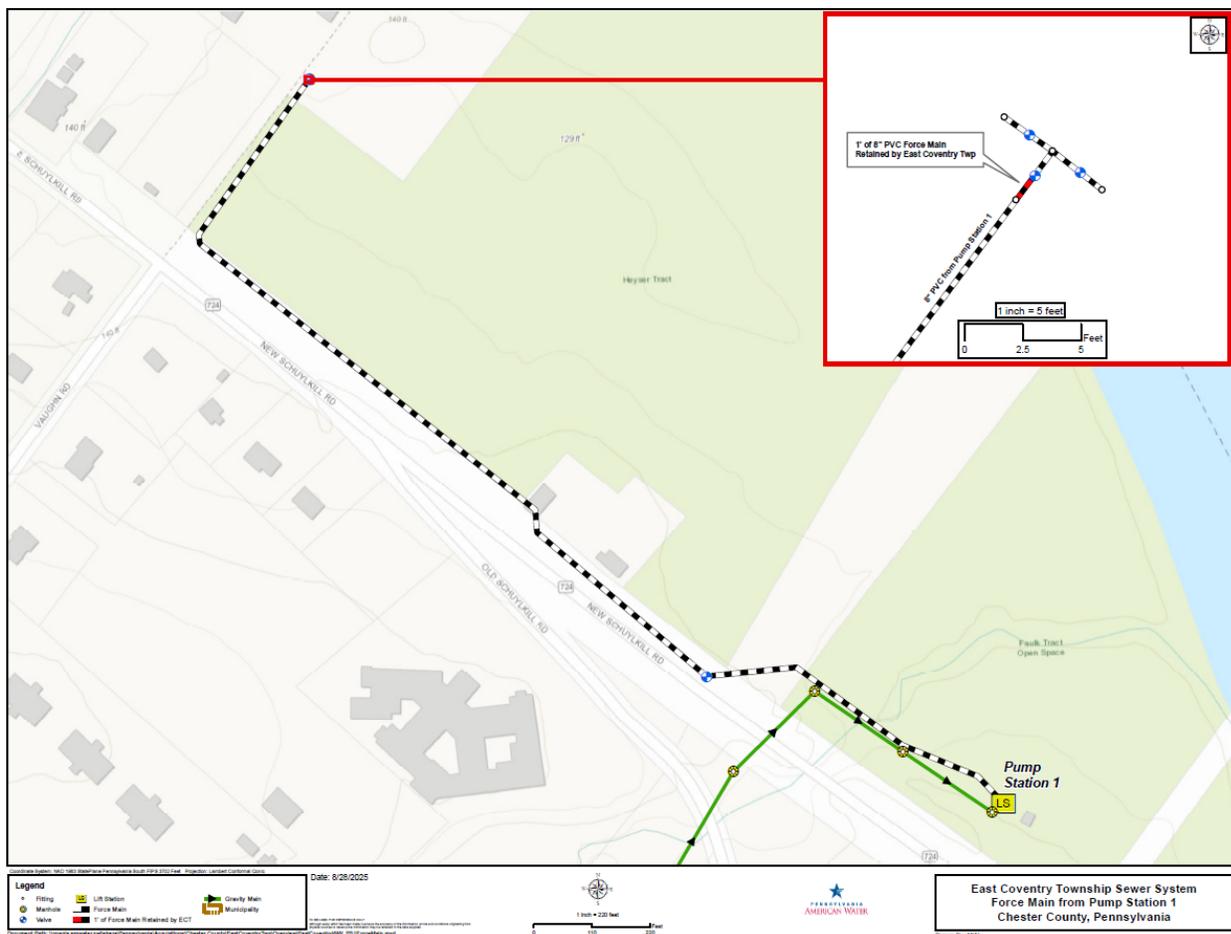


Exhibit C – Discharge Criteria

The conveyance allowance agreement provides for treatment of wastewater from PA American through East Coventry’s retained asset based on specific discharge criteria. The criteria are defined on the basis of flow parameters (gallons discharged) and on qualitative parameters (i.e. the strength of the wastewater discharged).

I. Flow Criteria

The amount of wastewater treated from PA American is measured on a “bulk allocation” basis that is, by total flow received at meter in advance of the North Coventry Municipal Authority (“Authority”) collection system, rather than by total connections, EDUs, hook-ups, customers’ bills, etc. that are in the PA American service area.

The allocation of treatment capacity for PA American is measured and is hereby limited to the following flow criteria:

1. Annual Average Daily Flow (AADF) 510,000 gallons per day
2. Maximum Monthly Average Flow (AADF x 1.2=) 612,000 gallons per day
Calculated as a calendar month and as a maximum 30 day running average
3. Maximum Weekly Average Flow (AADF x 1.5 =) 765,000 gallons per day
Calculated as a calendar week and as a maximum 7 day running average
4. Maximum Daily Flow (AADF x 2.5 =) 1,275,000 gallons per day
5. Peak Instantaneous Flow (AADF x 4 =) 2,040,000 gallons per day

II. Qualitative Criteria

The strength or quality of wastewater discharged by PA American to the retained asset of East Coventry Township is measured and hereby limited to the following criteria:

A. Concentrations

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	204 mg/L	306 mg/L	408 mg/L
Total Suspended Solids	240 mg/L	360 mg/L	480 mg/L
Ammonia as N	30 mg/L	-----	-----
Phosphorus	10 mg/L	-----	-----

B. Mass Units

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	868 lbs per day	1302 lbs per day	-----
Total Suspended Solids	1021 lbs per day	1532 lbs per day	-----
Ammonia as N	127 lbs per day	-----	-----
Phosphorus	42.5 lbs per day	-----	-----

C. NPDES Permit Limits

The above criteria are based on the current treatment plant process design, and on the current NPDES discharge permit values. Any future changes of criteria as required in future NPDES permits will be applied proportionately to the PA American qualitative limits. Additionally, should notification be made to East Coventry Township regarding NPDES permit renewal applications and NPDES renewal permit issuance, notification should be provided immediately to Pennsylvania American Water.

D. Any Prohibited Waste As Defined in Exhibit "D"

Exhibit D – Prohibited Wastes

Prohibited wastes include any discharge other than that traditionally defined as Sanitary Sewage, where Sanitary Sewage means the normal water-carried household and toilet wastes from residences, apartments, business buildings, institutions, commercial and industrial (non-process discharges only) establishments and any other improved property.

Pennsylvania American Water reserves the right to refuse permission to connect to the Sewer System, to compel discontinuance of use of the Sewer System, or to compel pretreatment of Industrial Wastes by any establishments, in order to prevent discharges deemed harmful, or deemed to have a deleterious effect upon the Sewer System.

A discharge exceeds normal strength Sanitary Sewage and is a prohibited waste if any one or more of the following criteria enumerated in 1 through 6 (inclusive) are exceeded:

1. Any discharge exceeding normal domestic strength sanitary sewage, as defined by the following criteria:

BOD ₅	204 mg/L
Total Suspended Solids (TSS)	240 mg/L
Total Dissolved Solids (TDS)	500 mg/L
Settleable Solids	10 mg/L
COD	500 mg/L
Ammonia-nitrogen	30 mg/L
Organic Nitrogen as N	15 mg/L
Total Kjeldahl Nitrogen	45 mg/L
Phosphorus as P	10 mg/L
Alkalinity (as CaCO ₃)	Between 50 mg/L and 200 mg/L
pH (standard units)	Between 6.5 and 9.0

2. Any discharge containing storm water, surface water, spring water, roof runoff, subsurface drainage, building foundation drainage, cellar drainage, drainage from roof leader connections.

3. The following discharges of any liquid or solid wastes, substances or matter, are prohibited:

A. Any discharge having a temperature higher than 140 degrees Fahrenheit, or less than 32 degrees Fahrenheit.

B. Any discharge containing more than 100 milligrams per liter of dissolved fat, oil, wax, grease, either vegetable or mineral, or containing any substance which may solidify between 32 and 100 degrees Fahrenheit. Any discharge containing floatable oils, fats or grease.

C. Any discharge of liquids, solids or gases which by reason of their nature or quantity are, or may be sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the sewer facilities or to the operations of the sewer facilities.

At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system) be more than five percent (5%) nor any single reading over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.

Prohibited materials include, but are not limited to: gasoline, kerosene, naphtha, benzene, toluene, xylene, alcohols, ethers, ketone, aldehydes, peroxides, chlorates, perchlorates, bromate, carbides, hydrides, sulfides, fuel oil, motor oil, paint products, acid or other volatile, explosive or flammable substance which by reason of its nature or quality may cause fire or explosion, or be in any way injurious to persons, to the sanitary sewers or to the wastewater treatment facilities.

D. Any discharge containing toxic, noxious, poisonous or malodorous solids, liquids or gases, vapors, fumes or substance, which either singly or by interaction with other wastes, is capable of:

- Creating a public nuisance or hazard to life;
- preventing routine entry into sewers for normal maintenance and repair;
- may cause worker health and safety problems;
- interfering with any wastewater treatment process;
- constituting a hazard to humans or animals;
- causing, alone or in conjunction with other sources, the treatment plant's effluent to fail a Whole Effluent Toxicity test;
- creating any hazard in the receiving waters or in the wastewater treatment plant.

Toxic wastes shall include but not be limited to wastes containing cyanide, chromium, copper and nickel ions, or any pollutant identified pursuant to Section 307 of the Clean Water Act, as amended 33 U.S.C. 1251, et. seq.

E. Any discharge containing any garbage from kitchen wastes that has not been properly shredded.

F. Any discharge, in quantities or of such size capable of causing obstructions in the sewers, pump stations or other interferences with the proper operation of the wastewater treatment facilities, containing, but not limited to:

- animal guts or tissues, paunch manure, butchers, offal, bones, hair, hides or fleshing, entrails.
- antifreeze
- any solids greater than one-half inch in any dimension,
- ashes
- bentonite
- blood or blood components or products
- building materials
- ceramic wastes
- china
- cinders
- detergents, surfactants or other agents in quantities that cause excessive foaming at the wastewater treatment plant
- feathers
- glass, glass grindings or polishing wastes
- grass clippings
- hair
- leather
- lye
- medical wastes
- metal
- mud
- paper dishes, paper cups, paper or cardboard containers
- petroleum products (including plastics, gasoline, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil)
- plastic
- porcelain
- rags
- rubber
- sand
- sharps (needles, razor blades, syringes, scalpels, etc.),
- shavings
- sludge, screenings or other residues from treatment processes of others

- spent grains
- spent hops
- spent lime
- straw
- stone or marble dust
- tar
- waste paper
- wood
- or any other solids or viscous substances capable of causing obstruction to the flow in the sewer system or other interference with the proper operation of the sewer system or wastewater treatment plant.

G. Any discharge containing inert, insoluble solids such as: asphalt, clay, slag, mill scale, or sludges and slurries.

H. Any discharge having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment or personnel.

I. Any discharge containing total solids of such character and quality that unusual attention or expense is required to handle such materials at the wastewater treatment plant.

J. Any discharge containing radioactive isotopes.

K. Any discharge of discolored materials containing true color from any source and of any hue with less than the equivalent luminescence and greater than the equivalent purity of a 250 color unit platinum-cobalt stock standard, as determined by spectrophotometric methods. Equivalent values shall be determined at the dominant wave length of the sample and compared to the values determined at the dominant wavelength of the stock standard.

Any discharge with sufficient color that is not removed by the treatment process that causes the plant effluent to have hue color discharge in excess of 100 color units.

Any dye that is non-responsive to removal by alum coagulation to remove suspended or colloidal matter, and/or non-responsive to chlorine bleaching of the dissolved dyes.

L. Any discharge, that individually or in combinations with other wastes, exerts a chlorine demand in excess of 12 mg/L, at a detention time of 15 minutes, on the effluent of the plant after biological treatment and prior to disinfection.

M. Any discharge which will cause the wastewater treatment plant to violate its NPDES and /or Water Management Permit, or violate the water quality standards for the receiving stream. Any discharge containing wastes which are not amenable to biological treatment or removal by the existing treatment processes, or are only partially amenable to treatment such that the plant effluent does not meet the regulatory requirements; specifically, any discharge containing non-biodegradable complex carbon compounds.

N. Any discharge containing suspended solids of such character and quantity that unusual attention or expense shall be required to handle such water or waste at the wastewater treatment plant.

O. Any discharge containing more than 25 mg/L of petroleum oil, non-biodegradable cutting oils, or products of mineral oil origin.

P. Any discharge prohibited by any permit or regulation of the Pennsylvania Department of Environmental Protection, or the Environmental Protection Agency.

Q. Any discharge of waste slugs, such that the discharge exceeds the allocated flow criteria and the peaking factors associated with the flow allocation.

R. Any discharge of concentrations of anions, cations, and other various objectionable substances that would make the Authority responsible discharging such substances in excess of that amount permitted in the allocated portion of the critical flow of the receiving stream.

S. Any discharge from a trucked or hauled in source.

T. Any discharge which may cause the treatment plant's effluent or other product of the treatment plant (such as residues, sludge, or scum) to be unsuitable for reclamation, disposal, and reuse, or to interfere with the reclamation process.

In no case shall a substance discharged to the sewer system cause the treatment plant to be in noncompliance with sludge use or disposal criteria, guidelines, or regulations developed under Section 405 of the Clean Water Act, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management method being used at the treatment plant.

- U. Any waste stream with a closed cup flashpoint of less than 140 degrees Fahrenheit (that is, discharges whose vapors ignite and burn at less than 140 degrees Fahrenheit.)
 - V. Any discharge containing detergents, surface active agents, or other substances which may cause excessive foaming in the treatment plant.
4. Any discharge which violates the Federal Categorical Pretreatment Standards as defined in 40 C.F.R., Subchapter N, Part 401 to 471, as amended and revised.
 5. Any discharge which violates the Pennsylvania State Pretreatment Standards, where those state standards are more stringent than Federal or the Authority's standards:
 6. Concentrations for elements or compounds in excess of the following:

Aluminum	5.00 mg/L,
Ammonia (as N)	30.00 mg/L
Antimony	0.10 mg/L
Arsenic	0.05 mg/L
Barium	1.00 mg/L
Beryllium (as Be)	0.10 mg/L
BOD ₅	204.00 mg/L
Boron	1.00 mg/L
Bromides	250.00 mg/L
Cadmium (as Cd)	0.01 mg/L
Chemical Oxygen Demand	500.00 mg/L
Chlorides	50.00 mg/L
Chrome	0.10mg/L
Chromium (hexavalent)	0.10 mg/L
Chromium (trivalent)	0.50.mg/L
Cobalt	0.50 mg/L
Copper	1.00 mg/L
Cyanides (as CN)	0.20 mg/L
Endrin	0.0004 mg/L
Fluorides	5.0 mg/L
Hydrogen Sulfides	0.10 mg/L
Iron	5.0 mg/L
Lead	0.05 mg/L

Lithium	2.50 mg/L
Lindane	0.008 mg/L
Magnesium	25.00 mg/L
Manganese	0.20 mg/L
Methoxychlor	0.20 mg/L
Mehylene Chloride	0.40 mg/L
Molybdenum	0.10 mg/L
Mercury	0.05 mg/L
Nickel	0.25 mg/L
Phenols	0.001 mg/L
Phosphates (as PO4)	50.00 mg/L
Phosphorus (as P)	10.00 mg/L
Selemium	0.01 mg/L
Silver	0.10 mg/L
Sulfates	500.00 mg/L
Suspended Solids	240.00 mg/L
Tin	1.00 mg/L
Total Dissolved Solids	500.00 mg/L
Total for all Priority Pollutants	15.0 mg/L
Total Halogenated Organics	2.00 mg/L
Total Kjeldahl Nitrogen	45.00 mg/L
Toxaphene	0.01 mg/L
Vanadium	0.10 mg/L
Zinc	0.50 mg/L

2,4,5-TP Silvex	0.02 mg/L
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Specific Toxic Substance Notification Levels (for manufacturing, commercial, mining, silvicultural discharges):

Acrolein	200 ug/L
Acrylonitrile	200 ug/L
2-, 4-Dinitrophenol	200 ug/L
2-methyl,-4, -6 dinitrophenol	500 ug/L

The above criteria is subject to amendment based on process performance, new requirements from regulatory agencies, or technical developments.

Laboratory analysis shall be performed on a representative 24-hour composite sample (or grab sample at discretion of the Authority) and all analytical procedures shall be consistent with the latest revised edition of Standard Methods for the Examination of Water and Wastewater.

LAND DEVELOPMENT AND FINANCIAL SECURITY AGREEMENT

THIS AGREEMENT made this 13th day of December, 2024 by and among **EAST COVENTRY TOWNSHIP**, a Second Class Township with a mailing address of 855 Ellis Woods Road, Pottstown, Pennsylvania 19465 ("Township") and **FRICKSLOCK VENTURES LLC**, with a registered address of 1171 Lancaster Avenue, Suite 201, Berwyn, Pennsylvania 19312 (hereinafter referred to as "Owner/Developer").

WITNESSETH:

WHEREAS, Owner/Developer is the owner of five (5) contiguous parcels of ground comprising, in the aggregate, approximately 100.477 acres, more or less, located at 200, 225 and 375 Fricks Lock Road, 2099 New Schuylkill Road, and 520 Sanatoga Road in East Coventry Township, Chester County, Pennsylvania, which parcels are identified as UPI Nos. 18-1-8, 18-1-8.3, 18-1-24, 18-1-25 & 18-1-28 and is more fully described in the legal description attached hereto, made a part hereof and marked as Exhibit "A" (hereinafter referred to as the "Tract"); and

WHEREAS, the Owner/Developer desires to develop the Tract aforesaid in accordance with certain final plans of land development, as shown on the plans prepared by Edward B. Walsh & Associates, Inc., being plans dated March 27, 2023, last revised August 13, 2024 (except for Sheets 20 through 28, which are last revised October 16, 2024, and Sheet 106 which is last revised November 4, 2024), consisting of some One-Hundred-Twelve (112) sheets (all of which are collectively referred to hereinafter as the "Plans") setting forth the proposed consolidation and subdivision of the Tract and the development thereof with one hundred fifty five (155) single family detached dwelling units (113 "typical" lots and 42 "executive" lots), paved private driveways, public common green areas totaling approximately 1.83 acres, public open space areas (otherwise referred to as Greenway Land) totaling approximately 61.917 acres

(containing benches, gazebos, fire pits, and seating areas), a public trail, internal paved streets, concrete sidewalks, thirteen (13) paved surface parking areas with a total of approximately 116 parking spaces, on-street parallel parking with a total of approximately 36 parking spaces, an onsite sanitary sewage pump station, public water and sanitary sewer facilities, stormwater management facilities, and related improvements on the Tract, as well as the realignment of Fricks Lock Road (the "Development") (a complete schedule of the record plan and all supporting plans is attached hereto as Exhibit "B" and expressly made a part hereof); and

WHEREAS, Owner/Developer desires to develop the Tract and install the required improvements shown on said Plans in accordance with the Township Subdivision and Land Development Ordinance and the Pennsylvania Municipalities Planning Code, 53 P.S. §10101, *et seq.*, as amended (the "MPC"); and

WHEREAS, Owner/Developer is entering into separate agreements with the appropriate utility to guarantee water service to the Tract in phases (the "Water Agreements") and has delivered a true and correct, fully executed copy of same to the Township; and

WHEREAS, Township desires to memorialize in writing the duties and obligations of the Owner/Developer with regard to the required improvements on the Plans and require that the completion of such improvements be secured in the manner prescribed by the MPC.

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

1. **IMPROVEMENTS**. All required improvements to be constructed or installed by the Owner/Developer (as well as the estimated costs of completing each) are listed on Exhibit "C" attached hereto, which is expressly made a part hereof (the said required improvements hereinafter referred to collectively as "Improvements"). Unless otherwise agreed in writing, all such Improvements are to be completed within thirty-six (36) months from the

date this Agreement (or a memorandum thereof) is recorded unless such time period is extended in writing at the discretion of the Board of Supervisors as authorized by the MPC. The following provisions shall be applicable to the Improvements:

A. Sidewalks, Curbing, Driveways, Parking Areas and Cartways.

Owner/Developer shall construct all sidewalks, curbing, driveways, parking areas and cartways as shown on the Plans. No wearing course paving shall be permitted between October 15 and April 15 without prior approval of the Township Engineer. No installation of binder course paving on any roadway shall be permitted between November 15 and March 15 of any year without prior written approval of the Township Engineer.

B. Sanitary Sewers. Owner/Developer shall construct sanitary sewers to service the Tract and shall also provide laterals to serve each structure erected thereon consistent with the Plans.

C. Storm Drainage. Owner/Developer shall construct storm drainage as shown on the Plans in order to adequately drain the Tract of surface waters. In the event that at any time during the construction or maintenance periods, it is determined by the Township Engineer, upon visual inspection of the operation of such storm water drainage and detention system, that the system as designed is inadequate or ineffective, in whole or in part, the Owner/Developer shall make all changes necessary to the storm drainage system to adequately and appropriately drain the Tract of surface waters. Any such changes in the storm water drainage system for the Tract shall be reviewed and approved by the Township Engineer. Owner/Developer shall obtain at its sole cost and expense any necessary storm drainage easements and permits. To the extent that a National Pollution Discharge Elimination System (“NPDES”) Permit must be obtained in connection with the Development, a Notice of Termination of the NPDES Permit shall be obtained by Owner/Developer from the delegated

county conservation district or Pennsylvania Department of Environmental Protection Regional Office (whichever is the appropriate processing entity) as a precondition of the certification of the Improvements as complete and the final release of the Financial Security as set forth below.

D. Water Lines. Owner/Developer shall construct and install all water lines shown on the Plans so that each structure to be constructed on the Tract shall be served with public water facilities. Furthermore, Owner/Developer shall submit to the Township satisfactory proof that public water will be adequately supplied to each and every aspect of the development which requires water. The Parties acknowledge that the water lines will be constructed in phases pursuant to the typical procedure utilized by PA American Water, but, notwithstanding the foregoing, Parties agree that all phases of the installation of the water lines shall be required under this Agreement as a part of the Development.

E. Plantings. Owner/Developer shall plant all trees, shrubs, lawns and other landscaping materials as shown on landscaping plans filed with the Township and, in addition thereto, shall comply with all applicable screening and buffering requirements of Township Ordinances. Owner/Developer shall, if deemed necessary by the Township, remove all unauthorized plantings within the road rights of way of the Township and refrain from planting any shrubbery or landscaping materials in any of the rights of way or intersection lines of sight as shown on the Plans unless permitted or directed to do so by Township.

F. Signs. Owner/Developer shall erect such street signs, traffic control signs and no parking signs within the Tract as shall be determined exclusively by the Township pursuant to the terms of its Ordinances. Such signs shall be of the type, size and construction designated by the Township Ordinances and shall be paid for by the Owner/Developer.

G. Other Improvements. The list of improvements contained in Paragraphs 1.A. through 1.F. is not intended to encompass all of the improvements required or shown on the Plans aforesaid. Owner/Developer shall install, construct or supply all other improvements set forth on the Plans or required by Township, County, State or federal law, ordinances, rules or regulations as the same may be required.

H. Final Approval Resolution. Owner/Developer shall develop the Tract and install the required Improvements in accordance with the approved Plans, the Township Subdivision and Land Development Ordinance, the MPC, and all provisions of that certain East Coventry Township Resolution No. 2024-10 approved by the Board of Supervisors on November 13, 2023 and accepted by Owner/Developer. The entire contents of said Resolution and exhibits are incorporated herein by reference as if set forth at length.

2. CONDITIONS PRECEDENT TO CONSTRUCTION.

A. Before commencing construction of the Improvements, the Owner/Developer shall submit to the Township Engineer the specifications for any materials not specifically set forth or designated on the Plans which are to be used in such construction, and Owner/Developer shall not proceed with any construction without the written approval of the Township Engineer.

B. No building permit shall be issued and no construction of the Improvements shall commence until:

- (i) the Plans are recorded according to law;
- (ii) this Agreement is duly signed and acknowledged;
- (iii) at the option of Township, a Memorandum of this Agreement is duly signed, acknowledged and recorded;
- (iv) all fees required by Township ordinances and regulations are paid, including payment of legal and

engineering fees and expenses incidental to review of the Development to date;

- (v) Owner/Developer tenders financial security in the form of a performance bond, approved by the Township Solicitor, to secure completion of the Improvements;
- (vi) Owner/Developer enters into the first phase of the Water Agreement, and building permits for particular dwelling units shall not be issued until Owner/Developer has entered into the Water Agreement related to such dwelling unit;
- (vii) Owner/Developer provides the Township with a Certificate of Insurance satisfying Paragraph 9 hereof; and
- (viii) The tapping fee, for a total of 155 residential units/EDUs, is chargeable against the Development in the amount of One Million Fifty-Three Thousand Five Hundred Thirty-Five and 00/100 Dollars (\$1,053,535.00) which shall be payable in full prior to the time a building permit is issued.

3. CONSTRUCTION, INSTALLATION OR SUPPLY OF IMPROVEMENTS IN ACCORDANCE WITH THE SPECIFICATIONS. All Improvements shall be constructed, installed or supplied by the Owner/Developer in accordance with the requirements and specifications of the Township, Pennsylvania Department of Transportation, Pennsylvania Department of Environmental Protection, and all other laws, ordinances, rules and regulations of all duly constituted public authorities which shall have jurisdiction over the installation, construction, supply or maintenance of any of the Improvements. All utility lines to be installed in the Tract shall be placed underground. It shall be the Owner/Developer's obligation to locate all underground structures and utilities which may be encountered during the construction of the Development, including but not limited to water, steam, oil and gas mains and lines, storm and sanitary sewers, telephone lines, cable television lines, electric conduits, and other underground installations, and to make adequate provisions to protect the same from damage or disruption. In

order to determine the location of the underground structures and utilities aforesaid, Owner/Developer shall arrange with the owners of such underground structures or utilities to assign a representative to mark the locations thereof. Owner/Developer shall pay any cost of digging test holes, the cost of services of the representatives of the owners of such utilities for the location of such utilities, the cost of determining the location and all other costs attendant with the identification of and protection of all underground utilities. The Owner/Developer shall not enter upon or occupy with men, tools or materials, any private lands outside the Tract, without the written permission of the owners of such private adjacent tracts having been obtained in advance.

The Owner/Developer shall be responsible for all damage to the sanitary sewer system of the Township or any authority, the Township's storm sewer system or any existing public water system which result from the Owner/Developer's construction or development of the Tract and shall immediately repair all such damage.

4. **PRIOR NOTICE TO THE TOWNSHIP OF INTENT TO BEGIN GROUND CLEARING.** No grading, excavating, removing or destruction of top soil, trees or other vegetative cover of any kind nor changes in the contours of the Tract shall be made unless and until the Township Engineer has been given seventy-two (72) hours written notice of Owner/Developer's intention to do so. Upon receipt of such written notice, the Township Engineer shall certify that all appropriate soil erosion and sedimentation control measures applicable to the specific work being initiated by the Owner/Developer have been put into place. In addition, Owner/Developer shall have installed snow fencing or other barriers acceptable to the Township Engineer to specify the limits of ground clearing so that trees and other vegetation not proposed to be affected by the construction of roads, homes or other improvements are not affected during the ground clearing process. Permission to grade and/or clear ground shall not be

granted by the Township Engineer for any portions of the Tract on which soil and erosion control measures as well as tree protection fencing have not been fully installed. If it is the intention of the Owner/Developer to clear lots on an individual basis, the notice required by this paragraph shall be given to the Township Engineer for each lot on which grading or tree clearing of any kind is necessary.

5. **SOIL EROSION, SEDIMENTATION CONTROL AND CONTROL OF WATER POLLUTION.** No changes shall be made in the contours of the Tract, no grading, excavating, removing or destruction of the topsoil, trees or other vegetative cover on the Tract shall be made until such time as a plan for minimizing soil erosion and sedimentation has been reviewed and approved by the Township, the Owner/Developer has submitted such a plan for minimizing soil erosion and sedimentation control to the Chester County Conservation District and/or the Pennsylvania Department of Environmental Protection (as appropriate) and such agency(s) have approved the Plans. The approval shall have been delivered to the Township prior to the date of this Agreement and the Owner/Developer shall comply with the Plans during the course of construction. The Owner/Developer shall use all care possible to prevent siltation and other pollution of the waters of the Commonwealth of Pennsylvania even if measures exceeding those set forth on approved Plans prove necessary. Owner/Developer further agrees to maintain reasonable control over dust or dirt blowing off the Tract in accordance with the rules, regulations and procedures of the Chester County Conservation District.

6. **COMPLIANCE BY SUBCONTRACTORS.** Owner/Developer shall procure and be responsible for the compliance of all of its contractors, subcontractors and suppliers with all applicable Federal, State, County and Township statutes, ordinances, rules, regulations and the applicable provisions of this Agreement as they may apply to any of the work

on the Tract. Such compliance shall include, but not be limited to, the procuring of all necessary permits and licenses in connection with the work to be done and the payment of all of the contributions, fees, premiums and taxes required by such laws, ordinances, rules and regulations.

7. **PROTECTION OF REASONABLE ACCESS DURING CONSTRUCTION.** At all times during the construction of the Development, the Owner/Developer and its contractors and subcontractors as aforesaid, shall conduct their work in such manner as to insure that there is a minimum obstruction to traffic and that access for the general public to the residences on and adjacent to the Tract is provided for in an adequate manner. No materials shall be stored upon any streets (whether or not such streets have yet been dedicated to the Township) unless such storage is absolutely necessary and will not obstruct emergency access as determined by the Township engineer. Any materials which must be stored upon such streets shall be placed so as to cause as little obstruction of the traffic as possible. Fire hydrants on or adjacent to the Tract shall be kept accessible to fire apparatus at all times and no materials or obstructions shall be placed within fifteen (15) feet of any such hydrant. All storm drainage and sewer inlets shall be kept unobstructed at all times. The Owner/Developer shall maintain such barricades and warning lights or flares as are necessary during the course of construction to protect traffic and the public in general. Any work in a street which is unfinished for any reason whatsoever shall be left in such a condition as to make the Tract safe and accessible at all points to fire and other emergency apparatus. Access to the Tract by construction vehicles and equipment during all phases of construction shall be limited to such location or locations as shall have been previously approved by the Township Engineer. Owner/Developer agrees that construction vehicles and equipment shall not enter or leave the Tract from any other point of access. Owner/Developer shall not permit its own vehicles or the vehicles of its employees or subcontractors to deposit mud, stones or other debris from the Tract onto the existing public

streets of the Township (without regard to whether such streets are owned and maintained by the Township, the county or the state). Owner/Developer shall be responsible to immediately remove any such deposits and in the event that such deposits are not removed after receipt of written notice from the Township to do so, Township shall have the right to proceed to remove such deposits using its own personnel or private contractors and to obtain reimbursement for any applicable costs and expenses of such removal from the financial security being established under the provisions of this Agreement.

8. **LIMITATION ON CONSTRUCTION HOURS.** Construction hours, including delivery of equipment and materials, shall be as provided in the Township's Standard Construction and Material Specifications for Public Improvements, unless otherwise approved by the Township in writing. Construction shall be prohibited on the following holidays: New Years' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day.

9. **INSURANCE / INDEMNIFICATION.** Owner/Developer agrees to defend, indemnify and hold harmless the Township and its agents and employees from and against all claims, damages, losses and expenses, including court costs, attorneys' fees and other consultant's fees, arising out of or resulting from (a) the performance or failed performance of this work in the Tract, (b) the approval of the Improvements or Plans, (c) the rough grading and final regrading of the land within the Tract, and (d) as a result of any water or storm drainage runoff from Owner/Developer's premises, except to the extent caused by the gross negligence or willful misconduct of the Township. As between the Township and the Owner/Developer, Owner/Developer assumes all risks and shall bear all loss resulting from any injury to property or persons occasioned by neglect or accident during the progress of the development of the Tract, except to the extent caused by the gross negligence or willful misconduct of the Township. Owner/Developer shall obtain and maintain at all times during the course of construction of the

Development and the term of this Agreement, comprehensive commercial general liability insurance, including XCU coverage, with minimum limits of liability of at least \$1,000,000.00 per occurrence, \$3,000,000.00 in the aggregate and \$10,000,000.00 in excess/umbrella coverage, \$1,000,000 in auto liability, and statutory minimum requirements for worker's compensation. The said insurance shall contain a provision prohibiting its cancellation by the carrier without prior written notice of such cancellation to the Township. Prior to the commencement of any construction, Owner/Developer shall deliver to the Township a certificate issued by an insurance company reasonably satisfactory to the Township, indicating that Owner/Developer has obtained the policies of insurance required by this Agreement and that the premiums for the said insurance have been paid in advance for the entire period covered by said insurance. At all times during the term of this Agreement, Owner/Developer shall maintain a policy of general liability insurance naming the Township as an additional insured and providing that it may not be cancelled, allowed to expire or materially amended during the entire term of the Agreement, including any renewal or extension terms and until all work has been completed to the satisfaction of the Township. Owner/Developer must, within two business day of receipt, forward to the Township, by regular mail, hand delivery, fax or email, all notices received from all insurance carriers providing insurance coverage under this Agreement that concern the proposed cancellation or termination of coverage of any insurance policies required by this Agreement. During the construction period, the Owner/Developer shall have the right to substitute other insurance policies containing the same provisions as the original policies, provided however, that all such policies shall be in a form and issued by insurance companies reasonably acceptable to the Township and the Township shall at all times be indicated as an additional insured.

In the event that a third party, their agents, servants, employees, heirs, assigns, or grantees would institute any legal action whatsoever against Township, its agents, servants, or employees arising in any way from the development of the Tract, Owner/Developer hereby agrees to further pay any and all reasonable attorney's fees, engineering fees, court costs or any other expenses whatsoever incurred by Township, its agents, servants or employees in regard thereto unless finally adjudicated to have been caused by the gross negligence or willful misconduct of the Township, its agents, servants or employees. The Owner/Developer agrees that if suit is brought by Township against Owner/Developer to enforce this Agreement, Township shall be entitled to collect from the Owner/Developer, provided that Township shall prevail in its suit, all reasonable costs and expenses of suit, including reasonable attorneys' fees.

10. WASTE MATERIALS AND MAINTENANCE OF SANITARY FACILITIES DURING CONSTRUCTION. The Owner/Developer will collect and properly discard all waste material such as paper, cartons, and the like, and shall prevent the same from being deposited, and then either thrown or blown upon the tracts adjacent to the subject parcel or the Tract itself. Neither trash nor construction materials of any kind may be buried or burned anywhere on the Tract. In addition, Owner/Developer shall require that all contractors, subcontractors and material suppliers shall comply with the provisions of this paragraph. All rubbish and unused materials and tools shall be removed promptly from the Tract and, as work progresses, the Tract shall be carefully cleaned and kept clean of any rubbish or refuse. If the Owner/Developer or any of the contractors, subcontractors or material suppliers shall fail to comply with any of these conditions, the Township shall have the right to enter upon the Tract and perform such cleaning and disposal with its own employees or with its contractors and the Township may charge the cost of such service to the Owner/Developer's escrow account.

Owner/Developer shall provide and maintain properly secluded sanitary conveniences in accordance with existing regulations of the Pennsylvania Department of Labor and Industry and Pennsylvania Department of Health for the use of the workmen.

11. **"AS BUILT" PLANS.** Upon the completion of all of the Improvements and all of the structures to be constructed within the Tract, the Owner/Developer shall cause its registered professional engineers/surveyors to certify the Plans and supply "as built" Plans of all improvements in both .dwg (Auto CAD) and .shp file formats to the Township.

12. **BOUNDARY MARKERS.** The boundaries of the Tract shall be marked with permanent surveyor monuments. The monuments shall be placed at each corner of the Development and in such additional locations as the shape of the Tract requires and as shown on the Plans for clear designation of all boundary lines. In addition, the corners of all lots within the subdivision shall be "pinned" in a manner deemed sufficiently permanent by the Township Engineer. All such monuments and pins shall be placed by a registered surveyor and shall be visible when final grading has been completed and shall be installed as a precondition of the final release of the financial security posted pursuant to this Agreement and the Township's acceptance of any deeds of dedication related to the Development. The Owner/Developer shall provide the Township with a plan showing the accurate placement of said monuments and pins, which shall be certified by the Owner/Developer's registered professional surveyor.

13. **INSPECTIONS.** The Township shall have the right, at any time, to inspect any of the work to be performed on the Tract with respect to the installation of the Improvements and work related thereto, and all such inspections may be made by the Township through its employees or by consultants retained by the Township to determine that the construction has been and is being carried out in compliance with the approved Plans, the specifications of the Township and other duly constituted authorities and this Agreement. In

accordance with Section 510(g) of the MPC, the Owner/Developer shall not be required to reimburse the Township for inspections which are duplicative of inspections conducted by other governmental agencies or utilities such as inspections of the water system improvements or work performed in accordance with Highway Occupancy Permits, except in the limited case where the Township may be required to accept the dedication or maintenance responsibility (whether principal or secondary) of any such installed Improvements.

14. OCCUPANCY PERMITS. No structure shall be occupied until it and all of its appurtenances have been completed, all roads necessary for ingress and egress to the said structure have been completed to an extent which will permit unquestionable access for emergency vehicles and all of the other requirements of this Agreement and the Plans and other ordinances, laws, rules or regulations regarding such structure have been complied with, and the same have been inspected and approved by the Township and the Township has issued an occupancy permit or permits therefor. With regard to non-residential structures and projects where any portion of the site will be visited by the general public, the Township will not be obligated to issue an occupancy permit until all public and private improvements have been completed to an extent which sufficiently protects the public health, safety and welfare in the opinion of the Township Engineer. Furthermore, no structure shall be occupied until provisions satisfactory to the Township Engineer have been made in accordance with his expert opinion and the requirements of the Chester County Conservation District and the Pennsylvania Department of Environmental Protection for stabilization (including but not limited to seeding or sodding, if appropriate) to prevent erosion, and the run off of rain water, melting snow, etc., from being discharged onto adjacent tracts or onto the street or pavement and to prevent such run off from coming onto said lot, from other lots or other portions of the Development including streets and pavement. Except in the case of non-residential development as described above, the provisions

of this paragraph shall not prevent occupancy where the asphalt base course of any roadway or easement is constructed to the extent and manner required by the Township and the Owner/Developer or Township desires to delay the top surfacing of said roadway until the end of the term in which the Improvements are required to be completed or the completion of the Development.

15. **PLOT PLAN REQUIREMENTS; USE AND OCCUPANCY**

PERMIT. Owner/Developer and Township acknowledge that Use and Occupancy Permits are required under both the Township Zoning Ordinance and the Uniform Construction Code as adopted by the Township. In order to clarify procedures for construction, review and occupancy that should apply to residential lots in the proposed Development, Owner/Developer and Township shall abide by the following procedures, subject to the requirements of the Pennsylvania Uniform Construction Act except where in conflict with the requirements contained herein:

A. **Plot Plan.** Owner/Developer shall submit for approval by the Township Engineer, a proposed survey and on-lot grading plan for each lot or building, certified for accuracy in compliance with the approved Plans by Owner/Developer's engineer. After approval, Owner/Developer shall grade each lot or building in compliance with the said Survey and Grading Plan and the Overall Grading Plan for the subdivision or land development. Each plot plan shall be submitted to the Township and/or Township Engineer at least ten (10) business days prior to the expected foundation pouring to allow for review and issuance of Zoning and/or Building Permits.

B. **Foundation As-Built Plan.** Owner/Developer shall submit to Township or engineer a certified as-built foundation plan prior to framing of the structure. This plan shall show the foundation elevations plus the location of the foundation as depicted on the

Plot Plan and as the foundation relates to all lot lines.

C. Final As-Built Plan. An "As-Built" Survey Plan for each lot or building shall be provided to the Township and certified for accuracy in compliance with the approved Plans by the Owner/Developer's engineer prior to the issuance of a Use and Occupancy Permit for each lot or building. A Use and Occupancy Permit shall not be issued until Township determines that construction and on-lot grading has been performed in compliance with the approved Final Plan, or as otherwise approved by the Township Engineer, and all applicable ordinances, regulations, permits, resolutions and codes of Township, and of any other governmental agencies having jurisdiction thereover, except that use and occupancy permits may be provided prior to the submission of a Final As-Built Survey Plan: (i) for "blocks" of dwelling units (i.e. all dwelling units sharing party walls) that have been certified as complete by the Township Engineer; (ii) where the Township Engineer certifies that the continued construction of the Development will not interfere with the health, safety, use and enjoyment of such "block" of dwelling units by residents; and (iii) when the required improvements supporting such "block" of dwelling units are certified as complete by the Township Engineer and sufficient, in the sole opinion of the Township Fire Marshal and the Township Engineer, to enable emergency services to access such units.

D. Use and Occupancy Permit. Owner/Developer will make its best effort to submit a tentative settlement schedule at the beginning of each month. Possession of any buildings to be erected and constructed on site shall not be delivered to any prospective purchasers and/or tenant until a written Use and Occupancy Permit is issued by the Township. A Use and Occupancy Permit shall be issued within forty-eight (48) hours after submission of the application, unless there is cause for the Township not to issue the same including, but not limited to, a violation of the Township Building Code or a breach or default of Owner/Developer

of the terms and conditions of this Agreement.

E. Temporary Use and Occupancy Permits. In situations where all exterior on-lot work cannot be completed because of adverse weather conditions or other compelling circumstances, Temporary Use and Occupancy Permits may be issued for a lot at the sole discretion of Township subject to the following:

(1) The house or structure must be substantially completed such that the house or structure may be safely occupied in accordance with 34 Pa. Code § 403.46.

(2) The public street or roadway must be completed at least to base course and must be mud-free and completely passable in a safe manner.

(3) Curbs must be completed to provide access to the lot.

(4) All stormwater management structures or facilities associated in any way with drainage expected from the lot must be complete.

(5) Rough grading of the lot must have been completed and must provide positive drainage away from the structure.

(6) A Final As-Built Plan showing rough grading and building location must be submitted and approved by Township.

(7) The driveway serving said house or structure, as applicable, must be completed to the stone base.

(8) If, in the sole discretion of the Township Engineer, insufficient funds remain in the Bond and/or escrow established pursuant to Paragraph 17 of this Agreement, then Owner/Developer, upon notice from the Township, shall provide Township with a cash escrow or letter of credit in an amount reasonably determined by the Township Engineer to be sufficient in order to guarantee the completion of the work for lot which the

Temporary Use and Occupancy Permit is being requested and any associated legal and engineering fees required to obtain a final Use and Occupancy Permit for the lot in question. Any provided financial security shall be in a form approved by the Township Solicitor, issued by a lending or financial institution chartered by and authorized to do business in the Commonwealth of Pennsylvania, subject to the prior approval of Township. This escrow shall be irrevocable and shall remain valid until all of the aforesaid work shall be completed to the reasonable satisfaction of the Township and the final use and occupancy permit is issued.

(9) Owner/Developer shall execute the Temporary Use and Occupancy Permit acknowledging and certifying that the incomplete work is its responsibility and not that of the lot owner/purchaser.

(10) All incomplete work must be completed within the time stipulated on the Temporary Use and Occupancy Permit, unless otherwise extended by the Township. In the event the work is not completed within the time stipulated, then, in that event, Township may, on five (5) days' written notice to Owner/Developer, transmitted by facsimile or other similar electronics means, recognized overnight delivery service, hand delivery or certified mail at Township's option, utilize any of the remedies set forth herein, including revocation of all building and any other permits previously issued to Owner/Developer (except for final Use and Occupancy Permits issued for occupied dwellings) and refusal to issue any future building or any other permits issued to (except for final Use and Occupancy Permits issued for occupied dwellings) until the work required to obtain a final Use and Occupancy Permit is completed to Township's satisfaction.

(11) Additionally, if Owner/Developer does not complete the work required to be completed under the Temporary Use and Occupancy Permit within the time required, Township may, at its discretion, complete any such site work with its own personnel or

employ other persons and apply the Bond or cash escrow posted by Owner/Developer to reimburse Township for the costs incurred including any professional or consultant fees. Application and reduction of monies by Township are not deemed an exclusive remedy and do not constitute a waiver of any other available remedies. Any extension of time to complete the work requested may be granted by the Township Board of Supervisors at their sole discretion. The Township shall not be responsible for any work done by or at the direction of Township which work shall remain the responsibility of Owner/Developer.

F. In the event that Owner/Developer fails to satisfy its obligations and responsibilities under this Paragraph 15, Owner/Developer shall be responsible to cause the satisfaction of the same, and shall further be liable to remit payment for any and all fines, fees and Township costs incurred by Owner/Developer in prosecuting the same.

16. **FAILURE TO PROCEED.** If the Owner/Developer fails to prosecute the work of the Development with promptness and diligence, or fails in the performance of any of the provisions contained in this Agreement, the Township may, in its sole discretion, give to the Owner/Developer written notice of such default. In the event the Owner/Developer does not commence to correct such default within twenty (20) days of such notice, and thereafter to diligently continue to correct such default, the Township shall have the right to secure materials of the quality and quantity required by the Agreement and the Plans and the necessary numbers of workmen, mechanics and the required equipment in the open market at the then current market prices, from any party or parties, to complete the construction, installation or supplying of the Improvements.

If the Township secures workmen, mechanics and equipment in the open market to carry forward such work, the Township shall have the right to take possession of all materials on the premises intended for use in the performance of this Agreement for the purpose of

including them in the Improvements, and the Owner/Developer hereby assigns to the Township all of its right, title and interest in and to such materials for use in the completion of the Improvements.

All workmanship and materials incorporated in the Improvements shall be subject to inspection, examination and test at any time and all times during the installation or construction and at any and all places where such installation or construction are carried on. The Township shall have the right to reject defective materials and workmanship and such workmanship shall be satisfactorily corrected and rejected materials, equipment and other articles shall be replaced and, if Owner/Developer fails to proceed at once with the replacement of rejected materials, equipment or articles or the correction of any defective workmanship, the Township may proceed with the work as provided in this paragraph.

17. FINANCIAL SECURITY PROVISIONS.

A. Financial Security. Concurrently with the execution of this Agreement, Owner/Developer shall provide the Township with "financial security" in the form of a performance bond from Atlantic Specialty Insurance Company (the "Surety") in accordance with the requirements of Section 509 of the MPC, the submission of which shall be accompanied by Owner/Developer's true and correct W-9 form. The terms of the Bond are subject to the approval of the Township Solicitor.

B. Deposit of Bond. Owner/Developer agrees that the estimated cost of the Improvements is Twelve Million Three Hundred Eighty-One Thousand Three Hundred Thirty-One and 97/100 Dollars (\$12,381,331.97) as set forth on Exhibit "C" attached hereto. Consistent therewith, Owner/Developer has delivered a performance bond to the to the Township ("Bond") in the amount of Fourteen Million One Hundred Seven Thousand Five Hundred Ninety-Eight and 37/100 Dollars (\$14,107,598.37) which sum is one hundred ten percent (110%)

of the estimated cost of the Improvements (as of the date of this Agreement) plus Five Hundred Thousand and 00/100 Dollars (\$500,000.00) for engineering, inspection fees and legal fees in accordance with Paragraph 17.C.

C. **Engineering and Legal Fees.** In addition to the Bond, Owner/Developer shall deposit with Township a cash escrow in the amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) plus a Letter of Credit from LinkBank, 35 North Church Street, Suite 350, West Chester, PA 19380 in the amount of Two Hundred Thirty-Eight Thousand One Hundred Thirty-Three and 20/100 Dollars (\$238,133.20) to reimburse the Township (as necessary) for all reasonable engineering, inspection fees and legal fees incurred in connection with the preparation of this Agreement, the preparation and recording of any applicable easements and the preparation and recording of the appropriate deeds of dedication and any other services incidental to the complete development of this Tract by Owner/Developer in accordance with the ordinances of East Coventry Township, which total amount is the portion of the 10% of the estimated cost of the Improvements calculated in Exhibit "C" less the Five Hundred Thousand and 00/100 Dollars (\$500,000.00) thereof reflected in the Bond.

In the event the funds in the cash escrow fall below Fifty Thousand and 00/100 Dollars (\$50,000.00) before the work required of the Township Engineer, Solicitor or other consultants will be completed, the Owner/Developer agrees that an additional amount determined in the sole discretion of the Township Engineer, but not exceeding One Hundred Thousand and 00/100 Dollars (\$100,000.00), shall be deposited by Owner/Developer within five (5) days from the date of written notice to make such deposit and the amount thereof. Owner/Developer agrees that Township may direct the Township Engineer, Solicitor or other consultants to suspend all further work until such additional sums have been deposited with the Township. In the event that Township shall expend or become liable for engineering,

professional, legal or administrative costs and expenses in an amount in excess of the deposit required hereby or should Owner/Developer fail to replenish the cash escrow as requested by the Township, the Township shall have recourse against the Letter of Credit first and then the Bond if necessary for such expenses and costs as well as any expense and cost (including reasonable attorney's fees) of pursuing reimbursement from Owner/Developer (whether directly or against the Bond). Where an invoice has been provided to Owner/Developer meeting the requirements of the MPC and Owner/Developer has failed to pay said invoice within thirty (30) days after the receipt thereof, said unpaid sums shall accrue interest commencing five (5) days after the due date at the rate of twelve percent (12%) per annum from the due date until paid in full to the Township. Notwithstanding the foregoing, said interest and payment shall be subject to Owner/Developer's rights to dispute invoices in accordance with the MPC. Any dispute brought by Owner/Developer as to the amount of engineer, professional, legal or administrative costs and expenses shall not relieve the Owner/Developer of its obligation to replenish the cash escrow or limit the Township's recourse against the Bond as set forth herein.

D. Periodic Reduction of the Bond Upon Completion of the Improvements. As the Owner/Developer completes the various segments or categories of the Improvements, it may certify to the Township Engineer that such Improvements have been completed in accordance with the terms of this Agreement and the Plans. The Engineer (and/or such independent consulting engineer or engineers as the Township Engineer shall designate) shall inspect the segment, segments or categories of Improvements which the Owner/Developer alleges have been completed. If the Engineer shall determine that the said Improvements have been completed in accordance with this Agreement and the Plans, the Engineer shall certify to the Township that portion of the Bond which is appropriate for release utilizing a form substantially identical to that attached hereto as Exhibit "D". Upon receipt of the written

certification of the Township Engineer, the Township shall authorize release from the Bond in the amount certified by the Township Engineer, and notice of such authorization shall be provided to the Surety, if requested by the Owner/Developer. Upon receipt of said notice, the Surety shall release from the Bond the amount certified by the Township Engineer and authorized by the Township for release. If the Township Engineer fails to provide written certification to the Township within forty-five (45) days from receipt of the Owner/Developer's request, the Township shall be deemed to have approved the release of funds as requested by the Owner/Developer, and the Surety may release the amount requested for release by the Owner/Developer. No release pursuant to this Paragraph 17.D. shall reduce the Bond to an amount less than one hundred ten percent (110%) of the estimated cost of the Improvements remaining to be completed. If at any time during the work, the Township Engineer believes that the funds necessary to complete the Improvements are in excess of the amount then reflected in the Bond, the Township Engineer shall so notify the Township and the Owner/Developer, and the Owner/Developer shall immediately take such steps as may be necessary to increase the amount of the Bond by such additional sum as is determined by the Township Engineer to be needed to complete the Improvements. In lieu of increasing the Bond under such circumstances, the Township Engineer may require that any amounts then due to be reduced from Bond to reflect completed Improvements shall continue to be held in the Bond so that at all relevant times the Bond shall be in an amount of at least one hundred ten percent (110%) of the estimated cost of the Improvements remaining to be completed. In the event that Township seeks recourse against the Bond due to Owner/Developer's failure to replenish the cash escrow for inspection, engineering, professional, legal or administrative costs and expenses in accordance with Paragraph 17.C, Township and/or Township's Engineer may require that any amounts then due to be reduced from the Bond to reflect completed Improvements continue to be held in the Bond

so that the Township is reimbursed for its inspection, engineer, legal and administrative costs and expenses in accordance with this Agreement.

E. Default by Owner/Developer. If the Township determines that the Owner/Developer has failed to construct or install the Improvements in accordance with the Plans and its obligations under this Agreement and the Township desires to undertake the completion of the Improvements, the Township shall notify the Owner/Developer of its intention to undertake the completion of the Improvements in accordance with the Plans. The Owner/Developer shall immediately notify the Township in writing whether it will undertake the completion of the Improvements in accordance with the Plans or make the remainder of the Bond available to the Township to pay for the costs of the completion of the Improvements in accordance with the Plans. If the Owner/Developer does not elect to immediately undertake the completion of the Improvements or fails to respond to the Township's notice of intent to undertake completion of the Improvements within thirty (30) days after the date of receipt of the date of said notice, the Surety shall promptly pay to the Township the remaining balance of the Bond required to pay all of the costs of completing the Improvements. If the proceeds of the Bond are insufficient to pay the cost of installing or making repairs or corrections to all of the Improvements covered by this Agreement, the Township may, at its option, install part of such Improvements in all or part of the Tract and may institute appropriate legal or equitable action to recover the monies necessary to complete the remainder of the Improvements. In all cases, the Owner/Developer shall be responsible for one hundred percent (100%) of the costs of the installation of the Improvements plus all related expenses including such reasonable attorney's fees as may be incurred by the Township in enforcing the provisions of this Agreement against the Owner/Developer.

If a breach occurs in performance by Owner/Developer, then it is agreed that the Township Engineer shall determine the percentage of non-performance and such percentage of the aforesaid reasonable cost is hereby agreed upon as liquidated damages, to be applied *pro tanto* as aforesaid, and the Township shall have the further right to judgment to the extent that the actual cost of completion exceed those indicated herein, and Owner/Developer shall have the right to reimbursement to the extent that the actual costs are less than those as hereinabove indicated.

If the Township determines that the Owner/Developer has failed to construct or install the Improvements in accordance with the Plans and its obligations under this Agreement, or in any other way breaches the Agreement, the Township reserves the right to withhold inspections or building permits until reasonable compliance with the terms of this Agreement has been obtained.

18. DATE OF COMPLETION.

A. Owner/Developer shall complete all of the Improvements on or before the three (3) year anniversary date of the recording of this Agreement or a memorandum thereof. In the event that the Improvements are not completed as required hereby, or in the event that Owner/Developer is otherwise in default of this Agreement, then any undrawn funds remaining under the Bond shall, upon demand by Township, be paid to Township. The failure of the Township to immediately notify Owner/Developer that it is in default of this Agreement for failure to complete the Improvements within the time period provided herein shall not constitute a waiver by the Township of its right to declare Owner/Developer in default for failure to timely complete the Improvements in the future. Upon such payment, such funds shall be used and applied by Township for the purposes of paying the cost of completing the Improvements and for such other costs as are described herein. In completing said Improvements, Township may, at its

option, have such Improvements completed by Owner/Developer or by independent contractors or by Township's employees or by any combination of the foregoing, as Township may elect.

B. The Improvements shall not be deemed to be completed until the Township Engineer certifies that the Improvements have been satisfactorily completed in accordance with the terms of this Agreement.

C. In the event that Owner/Developer requires more than one (1) year to complete the required Improvements, Township may, if it agrees to such extension, require that the Financial Security be increased either by requiring the posting of an additional ten percent (10%) for each additional one year period to an amount not exceeding one hundred ten percent (110%) of the cost of completing the remaining required Improvements as re established at that time. The Township is under no obligation to notify Owner/Developer that the date of completion has expired. Owner/Developer shall have the sole obligation of requesting, in writing, an extension of time to complete the required Improvements.

19. **DEDICATION OF CERTAIN IMPROVEMENTS.**

A. Sanitary and Storm Sewer Facilities. When all sanitary and storm sewer facilities are satisfactorily installed on the Tract, those portions which are deemed necessary for the proposed operation of the Township sewer system shall be dedicated by the Owner/ Developer to the Township. Upon completion of the sanitary and storm sewer facilities, Owner/Developer shall provide legal descriptions of all easements or rights-of-way for those portions of the facilities to be dedicated to the Township, as well as parcel numbers therefore, when necessary, which will be utilized for the purposes of deeds of dedication. Deeds of conveyance of rights-of-way or easements to be dedicated as prepared by the Township Solicitor shall be executed by the Owner/Developer, or the appropriate landowner for the purpose that the same may be held by the Township.

B. Dedication of Streets and other Improvements. When all of the Improvements are completed to the satisfaction of the Township and certified as such by the Township Engineer, the Owner/Developer shall dedicate such roads and rights-of-way as are shown on the Plans as "to be dedicated" to the Township. The Owner/Developer shall provide legal descriptions of the areas which have been so improved to the Township for the preparation of the deeds of dedication. The deeds of dedication shall be prepared by the Township Solicitor, executed by the Owner/Developer or the appropriate landowner for the purpose that the same may be held by the Township. Prior to the acceptance of the deeds of dedication, the Owner/Developer shall furnish to the Township, at Owner/Developer's expense, a commitment for title insurance issued by a title insurance company reasonably acceptable to the Township, indicating that the areas to be conveyed are free and clear of all encumbrances, restrictions, easements or covenants of any nature. Such commitment and title insurance policy, to be issued to the Township at the time of the acceptance of the deeds, shall be in an amount satisfactory to the Township and shall be paid for by the Owner/Developer. The Owner/Developer shall also be entirely responsible for any transfer tax which may be assessed by virtue of the deeds or other documents of title conveying the Improvements or any associated easements to the Township. A schedule of all the Improvements proposed to be dedicated upon completion is attached hereto as Exhibit "E".

20. RIGHT TO CONNECT TO STORM AND SANITARY SEWER SYSTEMS. Owner/Developer, on behalf of itself, its successors or assigns, irrevocably grants to the Township and all others approved by the Township, the right to connect to the sanitary sewer lines constructed by the Owner/Developer in the Tract aforesaid or adjacent thereto after acceptance of dedication of the sanitary sewer lines by the Township. Nothing in this paragraph shall be construed, however, to require the Owner/Developer to permit a connection which

would either overload a storm sewer collection system or detention basin or which would deprive the Owner/Developer of its reimbursement rights for certain community improvements as provided under applicable law.

21. **MAINTENANCE BOND.** Owner/Developer acknowledges that pursuant to Section 509 of the MPC (53 P.S. §10509, as amended) and §22-606 of the East Coventry Township Code, the Township is entitled to require the posting of Financial Security to secure the structural integrity of the Improvements accepted for dedication by the Township and required landscaping for the Development (those Improvements accepted for dedication by the Township and required landscaping for the Development being collectively the “Dedicated Improvements”), as well as the functioning of said Dedicated Improvements in accordance with the design and specifications as depicted on the final Plans. This posting of financial security shall be for a period not to exceed eighteen (18) months from the date of entering into a Maintenance Agreement. It is agreed by the Owner/Developer that simultaneously with the offering of deeds of dedication, Owner/Developer will supply financial security in the form authorized by the statute aforesaid, in an amount not to exceed fifteen percent (15%) of the actual costs and installation of the Dedicated Improvements, said security being posted for a period of eighteen (18) months to guarantee the structural integrity and proper functioning of the Dedicated Improvements as aforesaid. A condition to financial security to be posted herein shall be that the Owner/Developer shall, for the period of eighteen (18) months as aforesaid, except for ordinary wear and tear, repair and maintain such Dedicated Improvements and construct and make good and replace all materials, equipment and work, and remedy all defects in materials, equipment and workmanship, all shrinkage, settlement and other faults of any kind arising from a lack of structural integrity or failure of the Dedicated Improvements to properly function in

accordance with the Plans, at its own expense, and to the satisfaction of the Township, when notified in writing to do so.

Owner/Developer agrees that the Township shall have the right to make or cause to be made good or replace all inferior materials, equipment and workmanship, and remedy all defects in materials, equipment and workmanship, all shrinkage, settlement or other faults of any kind whatsoever arising therefrom in case the Owner/Developer shall fail or refuse to do so in accordance with the terms of this Agreement. In the event that the Township should exercise and give effect to such rights, the Owner/Developer shall be liable hereunder to pay and indemnify the Township upon completion, the final cost thereof to the Township, including but not limited to engineering, legal and any associated costs, together with any damages, either direct or consequential which the Township may sustain as a result of the failure of the Owner/Developer to carry out and execute all of the provisions of this Agreement.

In addition to the agreement by the Owner/Developer to provide financial security to the Township in accordance with this provision to guarantee the structural integrity and proper functioning of the Dedicated Improvements as aforesaid, the Owner/Developer agrees that it will post appropriate financial security consistent with Section 509 as aforesaid for the purpose of providing similar maintenance and security to any improvement installed by or at the request of any utility provider. Such financial security as may be required by any utility provider shall be separate and apart from the security required by the Township for the protection of the other Improvements as defined herein.

22. STREET NUMBERS AND SIGNS. Owner/Developer agrees that neither it nor its successors or assigns shall permit occupancy of any buildings erected on the Tract without prior placement of street signs and address numbers of all such building on the

premises so as to permit easy location and identification of such buildings by visitors, delivery men, Township staff and emergency personnel.

23. **CABLE TELEVISION SERVICE.** Prior to final road surface application, Owner/Developer, its agents, servants, workmen or employees, contractors, subcontractors, independent contractors, successors or assigns shall arrange for the installation of cable television lines (if applicable) to service the Tract. In the event that such installation must be postponed for any reason until after the lots, parcels or portions of the Tract are sold, Owner/Developer on behalf of itself, its successors or assigns, agrees that it, they, or any of them, have set aside or otherwise reserved an easement along and across the Tract for the installation of said service in the future at such locations as shall be approved by the Township. Nothing in this paragraph is intended to prevent the Owner/Developer from contracting with a cable television company for access rights within the Development while the property or properties within the Development remain in the ownership and control of the Owner/Developer.

24. **WETLANDS.** Approval by the Township of the Plans shall not be construed as relieving Owner/Developer of its responsibility of compliance with the provisions of the Clean Water Act, 33 U.S.C. Sections 1251, *et. seq.*, regarding building, dredging or filling in areas which are or may be deemed to be wetlands within the jurisdiction of the U.S. Army Corps of Engineers or the Pennsylvania Department of Environmental Protection.

25. **OPEN SPACE.** Except as may be specifically set forth on the Plans, or as may otherwise be specifically permitted by the Township in writing, the Owner/Developer agrees that there shall be no construction, traffic or work on any open space. The Owner/Developer agrees that no dirt will be stockpiled on the open space, nor will the open space be altered from its original condition except as specifically set forth on the Plans. No stumps, roots or debris will be buried in the open space. The Owner/Developer agrees to do any

necessary cleanup of the open space whether or not such land is proposed to be dedicated to the Township.

26. **SNOW REMOVAL.** Upon the acquisition of the first building permit for any structure in the Tract and until the roads within the Development are deeded and accepted by the Township (if at all), the Owner/Developer shall keep the roads cleared of snow and in default thereof, the Township will at its option contract for the removal of snow as the Township deems necessary to make the roads passable, and the Owner/Developer shall reimburse the Township for the expense thereof. The removal of snow by the Township prior to acceptance of the roads shall not be considered an acceptance thereof.

27. **STORMWATER MANAGEMENT FACILITIES.** All stormwater management facilities required by the Plans to be done by Owner/Developer on the Tract or on the property of any third party shall be done prior to the construction or erection of any structures which will create water runoff intended to be controlled by any such stormwater management facilities. The construction of stormwater management facilities shall be done simultaneously with and in conjunction with the construction of other required improvements of the Development so that there can be a stabilization process before the erection and construction of any buildings.

28. **NO OBSTRUCTION OF EMERGENCY ACCESS.** If the Development includes a provision for and depicts on the Plans an emergency access area, no landscaping, accessory buildings, play equipment affixed to the ground, etc. shall be permitted to be located anywhere within the boundaries of that emergency access area. The emergency access area shall be kept open and passable at all times so that it may be utilized by emergency and other vehicles when deemed necessary during police, fire and other emergencies.

29. **RECORDING OF DEED NOT ACCEPTANCE OF ROAD.** For any deed of dedication concerning new roads within a subdivision or land development or additional right-of-way along existing public roads where any required improvement is to be performed by the Developer, the recording of such a deed shall not act as legal acceptance of the road or the improvements. In such cases, acceptance of the road or improvements by East Coventry Township shall be solely indicated by the passage of a resolution of the East Coventry Township Board of Supervisors formally indicating such acceptance.

30. **FEES AND COSTS.** Owner/Developer shall pay to the Township the following:

A. All reasonable inspection and engineering fees incurred by the Township during the course of construction of the Development.

B. All recording fees and applicable transfer taxes (if any).

C. All legal fees incurred for the negotiation, preparation, recording, enforcement or interpretation of this Agreement or the Plans or any deeds of dedication.

D. All development impact fees (if any) required by the ordinances of Township as well as all capital contributions in lieu of specific required improvements as set forth in the Preliminary or Final Approval Resolutions of the Township's Board of Supervisors for the development of the Tract.

31. **APPROVAL.** Provided that the Owner/Developer has complied with all conditions set forth in the preliminary and final approval resolutions in connection with the Development, at or before the time of execution of this Agreement, the Township hereby approves the Plans.

32. **NOTICES.** All notices or other communications required to be given under the terms of this Agreement shall be in writing and shall be sent certified mail, postage

prepaid, or by reputable, nationally-recognized overnight courier (such as FedEx), addressed as follows:

A. If to the Township, addressed to:

East Coventry Township
855 Ellis Woods Road
Pottstown, PA 19465
Attn: Township Manager

With a copy to:

Mark A. Hosterman, Esquire
Wisler Pearlstine, LLP
Blue Bell Executive Campus
460 Norristown Road, Suite 110
Blue Bell, PA 19422

B. If to the Owner/Developer, addressed to:

FricksLock Ventures, LLC
1171 Lancaster Avenue, Suite 201
Berwyn, Pennsylvania 19312
Telephone No. 610.725.0812
Email: tr@moserhomes.com

With a copy to:

Alyson M. Zarro, Esquire
Riley Riper Hollin & Colagreco
717 Constitution Drive
Exton, PA 19341

or to such other address or addresses and to the attention of such other person or persons as any of the parties may notify the other in accordance with the provisions of this Agreement.

33. COVENANTS RUNNING WITH THE LAND. This Agreement or a memorandum thereof shall be recorded in the Recorder of Deeds Office in and for Chester County, Pennsylvania at the expense of the Owner/Developer. The provisions of this Agreement shall be binding on the heirs, assigns, grantees and successors of the parties hereto and shall constitute covenants running with the land.

34. GENERAL PROVISIONS.

A. The remedies given to the Township under this Agreement are cumulative, and the Township shall have in addition all other available remedies, including self help and also those remedies allowed by law and in equity.

B. No delay in exercising or omission of the right to exercise any right or power by the Township shall impair any such right or power or shall be construed as a waiver of any breach or default, or as acquiescence thereto. One or more waivers of any term or condition of this Agreement by the Township shall not be construed by the Owner/Developer as a waiver of a continuing or subsequent breach of the same or any other term or condition of this Agreement.

C. All rights and obligations given herein to or imposed upon the respective parties hereto shall extend to and bind the several and respective successors and assigns, heirs, executors and administrators of the parties; provided, however, that neither Owner/Developer nor the Surety may transfer, convey or assign their respective rights and obligations under this Agreement without the prior written consent of the Township.

D. All of the parties to this Agreement hereby consent to the exclusive jurisdiction of the Chester County Court of Common Pleas, Commonwealth of Pennsylvania, with respect to any dispute arising in connection with this Agreement or the enforcement thereof.

E. This Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania.

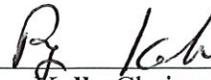
F. This document contains the entire agreement made between the parties on the matters covered by this Agreement. This Agreement may not be amended, altered, revoked, waived or clarified orally or by any action other than by a signed writing.

(Signatures on the following page)

IN WITNESS WHEREOF, East Coventry Township and Owner/Developer have caused this Agreement to be duly executed the day and year first above written.

TOWNSHIP:

EAST COVENTRY TOWNSHIP

By: 
Ray Kolb, Chairman,
Board of Supervisors

Attest: 
Eugene C. Briggs Jr., Township Manager/Secretary

OWNER / DEVELOPER:

FRICKSLOCK VENTURES LLC

By: 
Theodore R. Moser, III, Member

ACKNOWLEDGEMENT

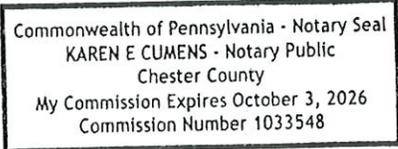
COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF CHESTER :

On this, the 13th day of December, 2024, before me, the undersigned officer, a Notary Public, personally appeared **Ray Kolb**, known to me to be the Chairman of the East Coventry Township Board of Supervisors, and that he as such Chairman, being authorized to do so, executed the foregoing on behalf of East Coventry Township for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Karen E Cumens
Notary Public

My Commission Expires:



ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF CHESTER :

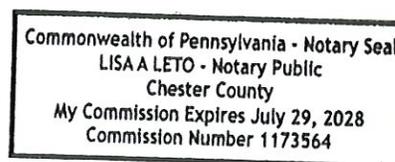
On this 11th day of December, 2024, before me a Notary Public, the undersigned officer, personally appeared **Theodore R. Moser, III**, who acknowledged himself to be Member of FricksLock Ventures, LLC, a Pennsylvania limited liability company, and that he being authorized to do so as such officer executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:



SCHEDULE OF EXHIBITS

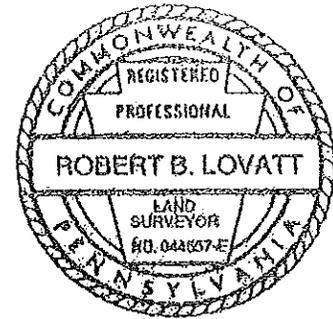
- "A" Legal description of the Tract.
- "B" Schedule of Plans.
- "C" Schedule of the Improvements with itemized costs, contingency and amounts for Township administrative, engineering and legal costs.
- "D" Form for Township Engineer's Work Progress Certificate.
- "E" Schedule of Improvements proposed to be dedicated upon Completion.

Legal Description of the Tract

EXHIBIT "A"



EDWARD B. WALSH & ASSOCIATES, INC.
Complete Civil Engineering & Land Surveying Services
 Whiteland Business Park
 855 Springdale Drive, Suite 202
 Exton, PA 19341



4900

Village at Frick's Lock

October 16, 2024

LEGAL DESCRIPTION
OVERALL TRACT BOUNDARY
VILLAGE AT FRICK'S LOCK
EAST COVENTRY TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA

ALL THAT CERTAIN parcel or piece of land situate in the Township of East Coventry, County of Chester, Commonwealth of Pennsylvania, shown on a plan titled "Major Final Plan, Overall Subdivision/Record Plan, Village at Frick's Lock", prepared by Edward B. Walsh & Associates, Inc., Civil Engineers and Land Surveyors, Exton, PA, dated March 27, 2023, last revised October 16, 2024, Project No. 4900, being Sheets 20 through 28 of a total of 112 Sheets, and being more fully described as follows:

BEGINNING at a point marked by a concrete monument found on the northerly relocated required right-of-way line of Frick's Lock Road (per Rec. Plan #20861) (T-515) at a distance of 26 feet north of the centerline thereof, common to the southeasterly most corner of lands of the now or former Double-M Properties, Inc. (UPI 18-1-8.4), as shown on said Plan; thence from the point of beginning, along the easterly line of lands of said Double-M Properties, Inc. common to the westerly line of a proposed 25' wide PECO Access Easement over this described parcel, North 11 degrees 59 minutes 32 seconds East 300.10 feet to a point marked by an iron pin found in the southerly line of lands of the now or former PECO Energy Company (UPI 18-1-8.1); thence along the southerly line of said lands of PECO Energy Company the following two (2) courses and distances:

1. partly along said access easement and partly along the northerly line of a 40-foot-wide Township Easement, South 80 degrees 53 minutes 25 seconds East 115.40 feet to a point marked by an iron pin found;
2. continuing along the last-mentioned easement, along the southerly terminus of a 10 feet wide drainage ditch right-of-way over lands of said PECO Energy Company, North 75 degrees 50 minutes 28 seconds East 1,208.56 feet to a point being a corner of lands of the now or former Marie Murray and Phyllis Stinger (UPI 18-1-8.2);

thence along the same the following six (6) courses and distances:

REGISTERED PROFESSIONAL ENGINEERS & LAND SURVEYORS
 Pennsylvania, New Jersey, Delaware & Maryland
 610-903-0060 FAX 610-903-0080
 www.ebwalshinc.com
 Established 1985

1. South 57 degrees 08 minutes 28 seconds West 44.99 feet to a point;
2. South 32 degrees 55 minutes 17 seconds East 322.21 feet to a point marked by an iron pin found;
3. South 18 degrees 35 minutes 46 seconds East 83.92 feet to a point marked by an iron pin found on the northerly right-of-way line of Frick's Lock Road, being 25 feet more or less north of the centerline thereof;
4. along the same, easterly along a curve to the left having a radius of 167.27 feet, an arc distance of 71.21 feet and a chord which bears North 83 degrees 38 minutes 12 seconds East 70.67 feet to a point of tangency marked by an iron pin found;
5. continuing along the same, North 72 degrees 31 minutes 19 seconds East 53.99 feet to a point marked by an iron pin found;
6. leaving said right-of-way line, North 18 degrees 36 minutes 17 seconds West 410.88 feet to a point marked by an iron pin found on the southerly line of lands of PECO Energy Company, aforementioned;

thence along the same, North 75 degrees 50 minutes 28 seconds East 248.13 feet to a point, being the northwesterly corner of lands of the now or former Charles R. & Wendy L. Schukraft (UPI 18-1-11.1); thence along the southwesterly line of the same, and along lands of the now or former Stephen & Mary H. Fritz (UPI 18-1-9), South 52 degrees 31 minutes 32 seconds East, crossing the northwesterly existing right-of-way line of Frick's Lock Road, a distance of 499.09 feet to a point in the center of said road; thence along or near said centerline of road, South 71 degrees 35 minutes 53 seconds West 300.78 feet to a point; thence along the southwesterly line of lands of the now or former George F. Kovach (UPI 18-1-29), crossing the southeasterly existing right-of-way line of said road, passing over an axle found, South 44 degrees 14 minutes 07 seconds East 385.00 feet to point marked by an axle found; thence along the southeasterly line of said Kovach, along lands of the now or former Gerald W. & Joan L. Homsher (UPI 18-1-30), the now or former Jean D. Hugues (UPI 18-1-31), and the now or former Richard D. & Patricia H. Brown (UPI 18-1-32) North 37 degrees 36 minutes 14 seconds East 348.07 feet to a point marked by an axle found; thence along the southeasterly line of lands of the now or former Wesley C. & Emma J. Hyde (UPI 18-1-33) the following three (3) courses and distances:

1. North 38 degrees 00 minutes 22 seconds East 20.23 feet to a point;
2. North 44 degrees 54 minutes 04 seconds East, crossing the northwesterly line of an AT&T right-of-way, a distance of 246.23 feet to a point;
3. re-crossing said AT&T right-of-way line, North 21 degrees 19 minutes 26 seconds West, passing over an iron pin found, a distance of 36.51 feet to a point on the southeasterly existing right-of-way line of Frick's Lock Road (33 feet wide);

thence through the bed of the same, North 40 degrees 03 minutes 39 seconds East 41.96 feet to a point, being the westerly most corner of other lands of PECO Energy Company (UPI 18-1-28.1); thence leaving said road bed, along the southwesterly line of lands of said PECO Energy Company, re-crossing said existing right-of-way line of Frick's Lock Road, crossing the southeasterly AT&T right-of-way line, South 61 degrees 16 minutes 17 seconds East, crossing the westerly right-of-way line of Sanatoga Road (T-590), a distance of 370.01 feet to a point in the bed of said road; thence through the same the following two (2) courses and distances:

1. South 00 degrees 04 minutes 43 seconds West 225.67 feet to a point;
2. South 00 degrees 17 minutes 47 seconds East 61.78 feet to a point marked by a spike found at the northeasterly corner of lands of the now or former Lawrence & N. Gail Brown (UPI 18-1-28.2);

thence along the lands of the same the following three (3) courses and distances:

1. re-crossing the last-mentioned right-of-way line, South 88 degrees 30 minutes 03 seconds West 248.75 feet to a point marked by an iron pin found;
2. South 00 degrees 21 minutes 18 seconds East 444.50 feet to a point marked by an iron pin found;
3. North 88 degrees 41 minutes 22 seconds East, re-crossing the last-mentioned right-of-way line, a distance of 250.44 feet to a point marked by a spike found in the bed of Sanatoga Road;

thence through said roadbed the following two (2) courses and distances:

1. South 00 degrees 44 minutes 38 seconds East 736.72 feet to a point;
2. South 18 degrees 59 minutes 38 seconds East 165.43 feet to a point marked by an iron pin found at the northeasterly corner of lands of the now or former Albert & Doris E. Gohl (UPI 18-1-27);

thence along the northerly line of the same, along the lands of the now or former Clarence & Helen Jane Smith (UPI 18-1-26), re-crossing said right-of-way line of Sanatoga Road, South 87 degrees 05 minutes 36 seconds West 432.25 feet to a point; continuing along the lands of Smith the following two (2) courses and distances:

1. North 52 degrees 20 minutes 54 seconds West, crossing a stream, along the southerly terminus of an existing AT&T easement, a distance of 159.22 feet to a point marked by an iron pin found;
2. South 36 degrees 59 minutes 07 seconds West, re-crossing said stream, crossing an iron pin found on the northeasterly existing legal right-of-way line of Schuylkill Road (S.R. 0724) (120 feet wide) at a distance of 59.41 feet from the next mentioned point, a total distance of a distance of 743.06 feet to a point in the bed said road;

thence through said roadbed the following five (5) courses and distances:

1. North 51 degrees 51 minutes 04 seconds West 925.96 feet to a point;
2. North 37 degrees 14 minutes 06 seconds East 14.15 feet to a point;
3. North 52 degrees 51 minutes 22 seconds West 1,375.52 to a point;
4. North 51 degrees 56 minutes 14 seconds West 682.18 feet to a point;
5. South 79 degrees 26 minutes 27 seconds East 13.17 feet to a point;

thence leaving said roadbed, through the bed of existing Frick's Lock Road, South 84 degrees 50 minutes 27 seconds East 167.51 feet to a point; thence North 11 degrees 46 minutes 33 seconds East 26.22 feet to a point on the northerly relocated required right-of-way line of Frick's Lock Road, aforementioned; thence along the same the following two (2) courses and distances:

1. easterly along a curve to the right having a radius of 1,162.62 feet, an arc distance of 62.53 feet and a chord which bears South 79 degrees 49 minutes 51 seconds East 62.52 feet to a concrete monument at a point of tangency;
2. South 78 degrees 17 minutes 25 seconds East 187.74 feet to the point and place of BEGINNING.

CONTAINING: 100.477 acres of land, be the same more or less.

E. B. Walsh & Assoc., Inc
 855 Springdale Dr., Suite 202
 Exton, PA
 610-903-0060
 Monday, October 07, 2024 1:39:18 PM

PROJECT: F:\JB\4900\FPS\4900-B.pro

OVERALL TRACT BOUNDARY

PT#			NORTH	EAST	ELEV
DESCRIPTION	CURVE DATA				
	BEARING	DISTANCE			
INVERSE SET					
4051			330454.0090	2565817.1380	206.83
MON CON FD					
	N11 59'32"E	✓ 300.10ft			
4054			330747.5560	2565879.4910	184.68
IPN CAP NAVE NZ					
	S80 53'25"E	✓ 115.40ft			
4055			330729.2860	2565993.4320	193.66
IPN CAP NAVE					
	N75 50'28"E	✓ 1208.56ft			
71456			331024.9134	2567165.2822	
C					
	S57 08'28"W	✓ 44.99ft			
3998			331000.5041	2567127.4918	
C					
	S32 55'17"E	✓ 322.21ft			
4057			330730.0340	2567302.6100	182.17
IPN FD					
	S18 35'46"E	✓ 83.92ft			
4056			330650.4980	2567329.3710	186.23
IPN CAP NAVE NNEWELL					
	RADIUS POINT:	179	330816.9021	2567346.3693	
	RADIUS:	167.27ft			
	DELTA:	24 23'31" LEFT			
	DEG OF CURVATURE:	34 15'12" ARC DEFINITION			
	ARC LENGTH:	71.21ft			
	CHORD LENGTH:	70.67ft			
	CHORD BEARING:	N83 38'12"E			
	TANGENT LENGTH:	36.15ft			
	MIDDLE ORDINATE:	3.78ft			
	EXTERNAL:	3.86ft			
4059			330658.3310	2567399.6090	184.39
IPN CAP NAVE NEWELL					
	N72 31'19"E	✓ 53.99ft			
4058			330674.5470	2567451.1080	
IPN CAP NAVE NEWELL					
	N18 36'17"W	✓ 410.88ft			
70			331063.9510	2567320.0240	
"PECO"					
	N75 50'28"E	✓ 248.13ft			
71472			331124.6461	2567560.6167	
C					
	S52 31'32"E	✓ 499.09ft			
71473			330820.9935	2567956.7101	
C					
	S71 35'53"W	✓ 300.78ft			
71462			330726.0439	2567671.3142	
C					
	S44 14'07"E	✓ 385.00ft			
4062			330450.1990	2567939.8930	189.43
AXLE FD					

E. B. Walsh Assoc., Inc
 855 Springdale Dr., Suite 202
 Exton, PA
 610-903-0060
 Monday, October 07, 2024 1:39:18 PM

PROJECT: F:\JB\4900\FPS\4900-B.pro

OVERALL TRACT BOUNDARY

PT#		NORTH	EAST	ELEV
DESCRIPTION	CURVE DATA BEARING	DISTANCE		
4064 AXLE FD	N37 36'14"E	348.07ft		174.25
		330725.9560	2568152.2840	
71461 C	N38 00'22"E	20.23ft		
		330741.8940	2568164.7389	
71460 C	N44 54'04"E	246.23ft		
		330916.3076	2568338.5511	
71000 C	N21 19'26"W	36.51ft		
		330950.3150	2568325.2758	
71459 C	N40 03'39"E	41.96ft		
		330982.4277	2568352.2796	
71458 C	S61 16'17"E	370.01ft		
		330804.5796	2568676.7410	
71457 C	S0 04'43"W	225.67ft		
		330578.9102	2568676.4314	
4072 SPIKE FD	S0 17'47"E	61.78ft		182.64
		330517.1310	2568676.7510	
4066 IPN CAP CONVER	S88 30'03"W	248.75ft		185.75
		330510.6230	2568428.0820	
4067 CIPIN FD CONSMTH	S0 21'18"E	444.50ft		185.12
		330066.1270	2568430.8360	
4071 SPIKE FD	N88 41'22"E	250.44ft		177.41
		330071.8550	2568681.2080	
71463 C	S0 44'38"E	736.72ft		
		329335.2005	2568690.7728	
4068 IPN FD	S18 59'38"E	165.43ft		161.40
		329178.7800	2568744.6140	
71464 C	S87 05'36"W	432.25ft		
		329156.8618	2568312.9196	
4069 BASE REB 4.OH	N52 20'54"W	159.22ft		169.71
		329254.1230	2568186.8590	
71465 C	S36 59'07"W	743.06ft		
		328660.5730	2567739.8281	
71469	N51 51'04"W	925.96ft		
		329232.5442	2567011.6461	
71470	N37 14'06"E	14.15ft		
		329243.8106	2567020.2086	
	N52 51'22"W	1375.52ft		

2/3

E. B. Walsh Assoc., Inc
 855 Springdale Dr., Suite 202
 Exton, PA
 610-903-0060
 Monday, October 07, 2024 1:39:18 PM

PROJECT: F:\JB\4900\FPS\4900-B.pro

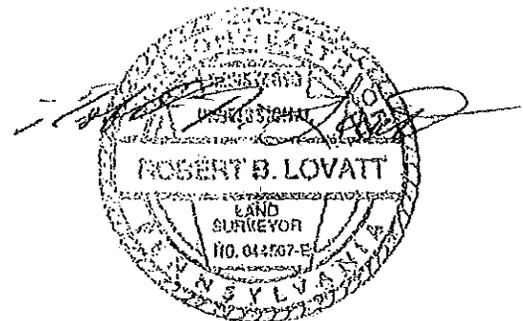
OVERALL TRACT BOUNDARY

PT#	DESCRIPTION	CURVE DATA BEARING	DISTANCE	NORTH	EAST	ELEV
71471	C			330074.3738	2565923.7507	
71466	C	N51 56'14"W	682.18ft	330494.9569	2565386.6441	
176		S79 26'27"E	13.17ft	330492.5435	2565399.5911	
71467		S84 50'27"E	167.51ft	330477.4805	2565566.4225	
71468		N11 46'33"E	26.22ft	330503.1487	2565571.7735	
		RADIUS POINT:	72	329353.7178	2565397.3559	
		RADIUS:	1162.62ft			
		DELTA:	3 04'53" RIGHT			
		DEG OF CURVATURE:	4 55'42" ARC DEFINITION			
		ARC LENGTH:	62.53ft			
		CHORD LENGTH:	62.52ft			
		CHORD BEARING:	S79 49'51"E			
		TANGENT LENGTH:	31.27ft			
		MIDDLE ORDINATE:	0.42ft			
		EXTERNAL:	0.42ft			
165	"MON/TBS"			330492.1110	2565633.3090	
		S78 17'25"E	187.74ft			
4051	MON CON FD			330454.0090	2565817.1380	206.83

12030.05ft TOTAL PERIMETER

AREA: 4376791.39 SQ FT 100.477 ACRES

Note: The computer printout can not be generated unless the error of closure is not zero.



Schedule of Plans

EXHIBIT "B"

Sheet No.		Description	Originatio n Date	Last Revised
1	of 112	Cover Sheet	3/27/23	8/13/24
2	of 112	Overall Subdivision/Record Plan	3/27/23	8/13/24
3	of 112	Waiver Matrix Plan	3/27/23	8/13/24
4	of 112	General Notes	3/27/23	8/13/24
5	of 112	Parcel Consolidation Plan	3/27/23	8/13/24
6	of 112	Overall Existing Features/Demolition Plan	3/27/23	8/13/24
7 - 12	of 112	Existing Features/Demolition Plan	3/27/23	8/13/24
13	of 112	Site Analysis and Context Plan	3/27/23	8/13/24
14	of 112	Resource Impact and Conservation Plan	3/27/23	8/13/24
15	of 112	Open Space Plan	3/27/23	8/13/24
16	of 112	Step 1 – Delineation of Conservation Lands	3/27/23	8/13/24
17	of 112	Step 2 – Location for Dwelling Units	3/27/23	8/13/24
18	of 112	Step 3 – Alignment of Streets & Trails	3/27/23	8/13/24
19	of 112	Step 4 – Design of Lot Lines	3/27/23	8/13/24
20	of 112	Overall Subdivision/Record Plan	3/27/23	10/16/24
21 - 28	of 112	Subdivision/Record Plan	3/27/23	10/16/24
29	of 112	Overall Site, Striping & Signage Plan	3/27/23	8/13/24
30 - 34	of 112	Site, Striping & Signage Plan	3/27/23	8/13/24
35	of 112	Overall Construction Improvement Plan	3/27/23	8/13/24
36 - 41	of 112	Construction Improvement Plan	3/27/23	8/13/24
42	of 112	Overall Erosion & Sedimentation Control Plan	3/27/23	8/13/24
43 - 48	of 112	Erosion & Sedimentation Control Plan	3/27/23	8/13/24
49	of 112	Overall Utility Plan	3/27/23	8/13/24
50-54	of 112	Utility Plan	3/27/23	8/13/24
55	of 112	Overall Post Construction Stormwater Management Plan	3/27/23	8/13/24
56-60	of 112	Post Construction Stormwater Management Plan	3/27/23	8/13/24
61-73	of 112	Road Profile Sheet	3/27/23	8/13/24
74-79	of 112	Profile Sheet	3/27/23	8/13/24
80-85	of 112	Construction Detail Sheet	3/27/23	8/13/24
86	of 112	Truck Circulation Plan	3/27/23	8/13/24
87-88	of 112	Post Construction Stormwater Management Detail Sheet	3/27/23	8/13/24
89-90	of 112	Erosion & Sedimentation Control Detail Sheet	3/27/23	8/13/24
91-95	of 112	Lighting Plans	3/27/23	8/13/24
96-98	of 112	ADA Ramp Details	3/27/23	8/13/24
99-110	of 112	Landscape Plans	3/27/23	8/13/24; Sheet 106 11/4/24
111	of 112	AT&T Easement Relocation Plan	3/27/23	8/13/24
112A&B	of 112	Offsite Drainage Map	3/27/23	8/13/24

**Schedule of Required Improvements,
Itemized Costs with Contingency,
Escrow Amounts, and Engineering and Legal Costs**

EXHIBIT "C"

Village At Fricks Lock
 Prepared September 19, 2024; Revised October 22, 2024
 Prepared by: Adam Brower of Edward B. Walsh & Assoc.

Item Description	Quantity	Unit	Unit Price	Total	Current Quantity	Current Amount	Previously Approved	Previously Approved Amount	Remaining Quantity	Remaining Amount
A. Survey and Layout										
Survey and Layout for Site Improvements per Scope	1	LS	\$ 175,000.00	\$ 175,000.00		\$ -			1	\$ 175,000.00
Subtotal				\$ 175,000.00						
B. Clearing										
Clearing and Grubbing	1	LS	\$ 65,000.00	\$ 65,000.00		\$ -			1	\$ 65,000.00
Subtotal				\$ 65,000.00						
C. Erosion and Sedimentation Controls										
12" Compost Filter Sock	2460	LF	\$ 4.00	\$ 9,840.00		\$ -			2460	\$ 9,840.00
18" Compost Filter Sock	1445	LF	\$ 6.00	\$ 8,670.00		\$ -			1445	\$ 8,670.00
24" Compost Filter Sock	2068	LF	\$ 10.00	\$ 20,680.00		\$ -			2068	\$ 20,680.00
Inlet Protection Bags	122	EA	\$ 175.00	\$ 21,350.00		\$ -			122	\$ 21,350.00
Temporary Construction Entrance	1	EA	\$ 18,000.00	\$ 18,000.00		\$ -			1	\$ 18,000.00
Wash Rack	1	ES	\$ 10,000.00	\$ 10,000.00		\$ -			1	\$ 10,000.00
Tree Protection Fence	9432	LF	\$ 1.75	\$ 16,506.00		\$ -			9432	\$ 16,506.00
Vegetated Swales	42120	SF	\$ 0.60	\$ 25,272.00		\$ -			42120	\$ 25,272.00
NAG C125	482445	SF	\$ 0.23	\$ 110,962.35		\$ -			482445	\$ 110,962.35
Seed, Straw, and Mulch (Temp.) Topsoil Piles	150000	SF	\$ 0.60	\$ 90,000.00		\$ -			150000	\$ 90,000.00
Temp Seed and Stabilize Lots/Open Space	2360500	SF	\$ 0.05	\$ 118,025.00		\$ -			2360500	\$ 118,025.00
Asphalt Berms	119	EA	\$ 265.00	\$ 31,535.00		\$ -			119	\$ 31,535.00
E&S Maintenance	1	EA	\$ 50,000.00	\$ 50,000.00		\$ -			1	\$ 50,000.00
Subtotal				\$ 530,840.35						\$ 530,840.35
D. BMPs										
BMP 1 Infiltration Basin										
<i>Installation</i>										
Basin Keyway from Onsite Material	1	LS	\$ 2,900.00	\$ 2,900.00		\$ -			1	\$ 2,900.00
Outlet Control Structure	1	EA	\$ 5,250.00	\$ 5,250.00		\$ -			1	\$ 5,250.00
15" HDPE	104	LF	\$ 65.00	\$ 6,760.00		\$ -			104	\$ 6,760.00
15" Endwall	1	EA	\$ 1,600.00	\$ 1,600.00		\$ -			1	\$ 1,600.00
Rip Rap R3	56	SF	\$ 9.00	\$ 504.00		\$ -			56	\$ 504.00
Anti Slep Collars	2	EA	\$ 2,625.00	\$ 5,250.00		\$ -			2	\$ 5,250.00
Spillway NAG C125	800	SF	\$ 0.50	\$ 400.00		\$ -			800	\$ 400.00
Seed Basin	18000	SF	\$ 0.05	\$ 900.00		\$ -			18000	\$ 900.00
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 23,564.00		\$ -				\$ 23,564.00
<i>Conversion</i>										
6" Amended Soils	120	CY	\$ 65.00	\$ 7,800.00		\$ -			120	\$ 7,800.00
Ernst Seed Mix	6500	SF	\$ 0.15	\$ 975.00		\$ -			6500	\$ 975.00

<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 8,775.00	\$ -		\$ 8,775.00
Subtotal BMP 1				\$ 32,339.00			\$ 32,339.00
BMP 2 Infiltration Basin							
<i>Installation</i>							
	Basin Keyway from Onsite Material	1	LS	\$ 2,900.00	\$ 2,900.00	\$ -	1 \$ 2,900.00
	Outlet Control Structure	1	EA	\$ 3,575.00	\$ 3,575.00	\$ -	1 \$ 3,575.00
	18" HDPE	95	LF	\$ 70.00	\$ 6,650.00	\$ -	95 \$ 6,650.00
	18" Endwall	1	EA	\$ 1,600.00	\$ 1,600.00	\$ -	1 \$ 1,600.00
	Rip Rap R6	135	SF	\$ 15.00	\$ 2,025.00	\$ -	135 \$ 2,025.00
	Anti Seep Collars	2	EA	\$ 2,625.00	\$ 5,250.00	\$ -	2 \$ 5,250.00
	Spillway NAG C125	1200	SF	\$ 0.50	\$ 600.00	\$ -	1200 \$ 600.00
	Seed Basin	28000	SF	\$ 0.05	\$ 1,400.00	\$ -	28000 \$ 1,400.00
	<i>Sediment Basin/Trap Installation Subtotal</i>			\$ 24,000.00	\$ -		\$ 24,000.00
<i>Conversion</i>							
	6" Amended Soils	340	CY	\$ 65.00	\$ 22,100.00	\$ -	340 \$ 22,100.00
	Ernst Seed Mix	9000	SF	\$ 0.15	\$ 1,350.00	\$ -	9000 \$ 1,350.00
	<i>Sediment Basin/Trap Conversion Subtotal</i>			\$ 23,450.00	\$ -		\$ 23,450.00
Subtotal BMP 2				\$ 47,450.00			\$ 47,450.00
BMP 3 Sed Basin 4							
<i>Installation</i>							
	4" Skimmer	1	LS	\$ 3,455.00	\$ 3,455.00	\$ -	1 \$ 3,455.00
	Temp Riser & Trash Rack	1	EA	\$ 4,425.00	\$ 4,425.00	\$ -	1 \$ 4,425.00
	Baffle Walls	300	LF	\$ 16.00	\$ 4,800.00	\$ -	300 \$ 4,800.00
	Basin Keyway from Onsite Material	1	LS	\$ 2,850.00	\$ 2,850.00	\$ -	1 \$ 2,850.00
	Outlet Control Structure	1	EA	\$ 4,150.00	\$ 4,150.00	\$ -	1 \$ 4,150.00
	18" HDPE	150	LF	\$ 70.00	\$ 10,500.00	\$ -	150 \$ 10,500.00
	Anti Seep Collars	2	EA	\$ 3,250.00	\$ 6,500.00	\$ -	2 \$ 6,500.00
	18" Endwall	1	EA	\$ 1,600.00	\$ 1,600.00	\$ -	1 \$ 1,600.00
	Rip Rap R4	100	SF	\$ 10.00	\$ 1,000.00	\$ -	100 \$ 1,000.00
	Spillway NAG C-125	1100	SF	\$ 0.50	\$ 550.00	\$ -	1100 \$ 550.00
	Seed Basin	35000	SF	\$ 0.05	\$ 1,750.00	\$ -	35000 \$ 1,750.00
	<i>Sediment Basin/Trap Installation Subtotal</i>			\$ 41,580.00	\$ -		\$ 41,580.00
<i>Conversion</i>							
	Ernst Seed Mix	13000	SF	\$ 0.15	\$ 1,950.00	\$ -	13000 \$ 1,950.00
	<i>Sediment Basin/Trap Conversion Subtotal</i>			\$ 1,950.00	\$ -		\$ 1,950.00
Subtotal BMP 3				\$ 43,530.00			\$ 43,530.00
BMP 4							
<i>Installation</i>							
	Excavation	625	CY	\$ 9.00	\$ 5,625.00	\$ -	625 \$ 5,625.00
	8" Perf PVC Pipe	320	LF	\$ 24.00	\$ 7,680.00	\$ -	320 \$ 7,680.00
	Stone and Fabric	1050	TN	\$ 33.00	\$ 34,650.00	\$ -	1050 \$ 34,650.00
	Clean Outs	1	EA	\$ 185.00	\$ 185.00	\$ -	1 \$ 185.00

Backfill	1	LS	\$ 4,400.00	\$ 4,400.00	\$ -	1	\$ 4,400.00
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 52,540.00	\$ -		\$ 52,540.00
Subtotal BMP 4				\$ 52,540.00			\$ 52,540.00
BMP 5 Sed Basin 1							
<i>Installation</i>							
4" Skimmer	1	LS	\$ 3,455.00	\$ 3,455.00	\$ -	1	\$ 3,455.00
Temp Riser & Trash Rack	1	EA	\$ 4,425.00	\$ 4,425.00	\$ -	1	\$ 4,425.00
Baffle Walls	364	LF	\$ 16.00	\$ 5,824.00	\$ -	364	\$ 5,824.00
Basin Keyway from Onsite Material	1	LS	\$ 2,850.00	\$ 2,850.00	\$ -	1	\$ 2,850.00
Outlet Control Structure	1	EA	\$ 5,915.00	\$ 5,915.00	\$ -	1	\$ 5,915.00
Outflow Pipe 30" Twin RCP	52	LF	\$ 305.00	\$ 15,860.00	\$ -	52	\$ 15,860.00
34X53" RCP Stone to Spring Line	878	LF	\$ 245.00	\$ 215,110.00	\$ -	878	\$ 215,110.00
Manholes	5	EA	\$ 10,485.00	\$ 52,425.00	\$ -	5	\$ 52,425.00
Anti Seep Collars	2	EA	\$ 2,250.00	\$ 4,500.00	\$ -	2	\$ 4,500.00
34" X 53" Endwall	1	EA	\$ 16,400.00	\$ 16,400.00	\$ -	1	\$ 16,400.00
Spillway NAG C-125	1250	SF	\$ 0.50	\$ 625.00	\$ -	1250	\$ 625.00
Rip Rap RS	475	SF	\$ 15.00	\$ 7,125.00	\$ -	475	\$ 7,125.00
Seed Basin	82000	SF	\$ 0.05	\$ 4,100.00	\$ -	82000	\$ 4,100.00
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 338,614.00	\$ -		\$ 338,614.00
<i>Conversion</i>							
Desilt	250	CY	\$ 12.00	\$ 3,000.00	\$ -	250	\$ 3,000.00
Basin Cut	2330	CY	\$ 5.50	\$ 12,815.00	\$ -	2330	\$ 12,815.00
Basin Fill	10882	CY	\$ 5.50	\$ 59,851.00	\$ -	10882	\$ 59,851.00
Strip Topsoil	1345	CY	\$ 4.65	\$ 6,254.25	\$ -	1345	\$ 6,254.25
Grading	73000	SF	\$ 0.04	\$ 2,920.00	\$ -	73000	\$ 2,920.00
2a Modified	955	EA	\$ 33.00	\$ 31,515.00	\$ -	955	\$ 31,515.00
12" U Drain and Cleanouts	195	LF	\$ 25.00	\$ 4,875.00	\$ -	195	\$ 4,875.00
2' Amended Soils	965	CY	\$ 65.00	\$ 62,725.00	\$ -	965	\$ 62,725.00
Ernst Seed Mix	13450	SF	\$ 0.15	\$ 2,017.50	\$ -	13450	\$ 2,017.50
Topsoil	1200	CY	\$ 6.50	\$ 7,800.00	\$ -	1200	\$ 7,800.00
Seed and NAG C-125	60000	SF	\$ 0.16	\$ 9,600.00	\$ -	60000	\$ 9,600.00
<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 203,372.75	\$ -		\$ 203,372.75
Subtotal BMP 5				\$ 541,986.75			\$ 541,986.75
BMP 6 Sed Basin 2							
<i>Installation</i>							
4" Skimmer	1	LS	\$ 3,455.00	\$ 3,455.00	\$ -	1	\$ 3,455.00
Temp Riser & Trash Rack	1	EA	\$ 4,455.00	\$ 4,455.00	\$ -	1	\$ 4,455.00
Baffle Walls	142	LF	\$ 16.00	\$ 2,272.00	\$ -	142	\$ 2,272.00
Basin Keyway from Onsite Material	1	LS	\$ 2,850.00	\$ 2,850.00	\$ -	1	\$ 2,850.00
Outlet Control Structure	1	EA	\$ 4,135.00	\$ 4,135.00	\$ -	1	\$ 4,135.00
18" HDPE	62	LF	\$ 70.00	\$ 4,340.00	\$ -	62	\$ 4,340.00
Anti Seep Collars	2	EA	\$ 2,625.00	\$ 5,250.00	\$ -	2	\$ 5,250.00
18" Endwall	1	EA	\$ 1,600.00	\$ 1,600.00	\$ -	1	\$ 1,600.00
Spillway NAG C-125	2600	SF	\$ 0.50	\$ 1,300.00	\$ -	2600	\$ 1,300.00

Rip Rap R6	110	SF	\$	15.00	\$	1,650.00	\$	-	110	\$	1,650.00
Seed Basin	42000	SF	\$	0.05	\$	2,100.00	\$	-	42000	\$	2,100.00
<i>Sediment Basin/Trap Installation Subtotal</i>					\$	33,407.00	\$	-		\$	33,407.00
<i>Conversion</i>											
Desilt	300	CY	\$	15.00	\$	4,500.00	\$	-	300	\$	4,500.00
Scarify	9500	SF	\$	0.20	\$	1,900.00	\$	-	9500	\$	1,900.00
Strip Topsoil	500	CY	\$	4.65	\$	2,325.00	\$	-	500	\$	2,325.00
Topsoil	700	CY	\$	6.50	\$	4,550.00	\$	-	700	\$	4,550.00
Amended Soils	300	CY	\$	65.00	\$	19,500.00	\$	-	300	\$	19,500.00
Basin Cut	2428	CY	\$	5.50	\$	13,354.00	\$	-	2428	\$	13,354.00
Ernst Seed Mix	9500	SF	\$	0.15	\$	1,425.00	\$	-	9500	\$	1,425.00
Seed and NAG C-125	27000	SF	\$	0.16	\$	4,320.00	\$	-	27000	\$	4,320.00
<i>Sediment Basin/Trap Conversion Subtotal</i>					\$	51,874.00	\$	-		\$	51,874.00
Subtotal BMP 6					\$	85,281.00				\$	85,281.00
BMP 8 - SED Trap 1 (BMP 7 Included in Bulk Earthwork)											
<i>Installation</i>											
4" Skimmer	1	LS	\$	3,455.00	\$	3,455.00	\$	-	1	\$	3,455.00
Temp Riser & Trash Rack	1	EA	\$	4,455.00	\$	4,455.00	\$	-	1	\$	4,455.00
Baffle Walls	419	LF	\$	16.00	\$	6,704.00	\$	-	419	\$	6,704.00
Basin Keyway from Onsite Material	1	LS	\$	2,850.00	\$	2,850.00	\$	-	1	\$	2,850.00
Outlet Control Structure	2	EA	\$	3,245.00	\$	6,490.00	\$	-	2	\$	6,490.00
18" HDPE	48	LF	\$	70.00	\$	3,360.00	\$	-	48	\$	3,360.00
Inlet 126	1	EA	\$	4,010.00	\$	4,010.00	\$	-	1	\$	4,010.00
Anti Seep Collars	2	EA	\$	2,525.00	\$	5,050.00	\$	-	2	\$	5,050.00
18" Endwall	1	EA	\$	1,600.00	\$	1,600.00	\$	-	1	\$	1,600.00
Spillway NAG C-125	3200	SF	\$	0.50	\$	1,600.00	\$	-	3200	\$	1,600.00
Seed Basin	18000	SF	\$	0.05	\$	900.00	\$	-	18000	\$	900.00
<i>Sediment Basin/Trap Installation Subtotal</i>					\$	40,474.00	\$	-		\$	40,474.00
<i>Conversion</i>											
Scarify	15750	SF	\$	0.20	\$	3,150.00	\$	-	15750	\$	3,150.00
Amended Soils	295	CY	\$	65.00	\$	19,175.00	\$	-	295	\$	19,175.00
Ernst Seed Mix	15750	SF	\$	0.15	\$	2,362.50	\$	-	15750	\$	2,362.50
<i>Sediment Basin/Trap Conversion Subtotal</i>					\$	24,687.50	\$	-		\$	24,687.50
Subtotal BMP 8					\$	65,161.50				\$	65,161.50
BMP 9 - Infiltration Basin											
<i>Installation</i>											
Basin Keyway from Onsite Material	1	LS	\$	2,850.00	\$	2,850.00	\$	-	1	\$	2,850.00
Outlet Control Structure	1	EA	\$	4,615.00	\$	4,615.00	\$	-	1	\$	4,615.00
15" HDPE	70	LF	\$	65.00	\$	4,550.00	\$	-	70	\$	4,550.00
Anti Seep Collars	2	EA	\$	2,625.00	\$	5,250.00	\$	-	2	\$	5,250.00
Spillway NAG C-125	1500	SF	\$	0.50	\$	750.00	\$	-	1500	\$	750.00
Seed Basin	16000	SF	\$	0.05	\$	800.00	\$	-	16000	\$	800.00
<i>Sediment Basin/Trap Installation Subtotal</i>					\$	18,815.00	\$	-		\$	18,815.00

Conversion									
Amended Soils	450	CY	\$ 65.00	\$ 29,250.00	\$ -		450	\$ 29,250.00	
Ernst Seed Mix	11000	SF	\$ 0.15	\$ 1,650.00	\$ -		11000	\$ 1,650.00	
<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 30,900.00	\$ -			\$ 30,900.00	
Subtotal BMP 9				\$ 49,715.00				\$ 49,715.00	
BMP 10 Sed Basin 3									
<i>Installation</i>									
4" Skimmer	1	LS	\$ 3,455.00	\$ 3,455.00	\$ -		1	\$ 3,455.00	
Temp Riser & Trash Rack	1	EA	\$ 4,455.00	\$ 4,455.00	\$ -		1	\$ 4,455.00	
Baffle Walls	193	LF	\$ 15.00	\$ 2,895.00	\$ -		193	\$ 2,895.00	
Basin Keyway from Onsite Material	1	LS	\$ 2,850.00	\$ 2,850.00	\$ -		1	\$ 2,850.00	
Outlet Control Structure	1	EA	\$ 5,425.00	\$ 5,425.00	\$ -		1	\$ 5,425.00	
24" HDPE	62	LF	\$ 92.00	\$ 5,704.00	\$ -		62	\$ 5,704.00	
Anti Seep Collars	2	EA	\$ 2,625.00	\$ 5,250.00	\$ -		2	\$ 5,250.00	
24" Endwall	1	EA	\$ 2,200.00	\$ 2,200.00	\$ -		1	\$ 2,200.00	
Spillway NAG C-125	1800	SF	\$ 0.50	\$ 900.00	\$ -		1800	\$ 900.00	
Rip Rap RS	285	SF	\$ 15.00	\$ 4,275.00	\$ -		285	\$ 4,275.00	
Seed Basin	44000	SF	\$ 0.05	\$ 2,200.00	\$ -		44000	\$ 2,200.00	
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 39,609.00	\$ -			\$ 39,609.00	
<i>Conversion</i>									
Desilt	250	CY	\$ 9.50	\$ 2,375.00	\$ -		250	\$ 2,375.00	
Grading	48600	SF	\$ 0.04	\$ 1,944.00	\$ -		48600	\$ 1,944.00	
Strip Topsoil	750	CY	\$ 6.95	\$ 5,212.50	\$ -		750	\$ 5,212.50	
Topsoil		CY	\$ 6.50	\$ -	\$ -		0	\$ -	
Amended Soils	335	CY	\$ 65.00	\$ 21,775.00	\$ -		335	\$ 21,775.00	
Basin Cut	620	CY	\$ 6.00	\$ 3,720.00	\$ -		620	\$ 3,720.00	
Basin Fill	4038	CY	\$ 6.04	\$ 24,389.52	\$ -		4038	\$ 24,389.52	
2A Modified	610	TN	\$ 33.00	\$ 20,130.00	\$ -		610	\$ 20,130.00	
12" U Drain	120	LF	\$ 25.00	\$ 3,000.00	\$ -		120	\$ 3,000.00	
Ernst Seed Mix	5700	SF	\$ 0.15	\$ 855.00	\$ -		5700	\$ 855.00	
<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 83,401.02	\$ -			\$ 83,401.02	
Subtotal BMP 10				\$ 123,010.02				\$ 123,010.02	
BMP 11 Sed Trap 2									
<i>Installation</i>									
4" Skimmer	1	LS	\$ 3,455.00	\$ 3,455.00	\$ -		1	\$ 3,455.00	
Temp Riser & Trash Rack	1	EA	\$ 4,455.00	\$ 4,455.00	\$ -		1	\$ 4,455.00	
Baffle Walls	200	LF	\$ 15.00	\$ 3,000.00	\$ -		200	\$ 3,000.00	
Basin Keyway from Onsite Material	1	LS	\$ 2,850.00	\$ 2,850.00	\$ -		1	\$ 2,850.00	
Outlet Control Structure	1	EA	\$ 5,435.00	\$ 5,435.00	\$ -		1	\$ 5,435.00	
24" x 38" RCP	29	LF	\$ 220.00	\$ 6,380.00	\$ -		29	\$ 6,380.00	
Anti Seep Collars	2	EA	\$ 2,900.00	\$ 5,800.00	\$ -		2	\$ 5,800.00	
24" x 38" Endwall	1	EA	\$ 5,200.00	\$ 5,200.00	\$ -		1	\$ 5,200.00	
Spillway NAG C-125	3500	SF	\$ 0.50	\$ 1,750.00	\$ -		3500	\$ 1,750.00	

Rip Rap R4	240	SF	\$ 9.00	\$ 2,160.00	\$ -	240	\$ 2,160.00
Seed Basin	39000	SF	\$ 0.05	\$ 1,950.00	\$ -	39000	\$ 1,950.00
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 42,435.00	\$ -		\$ 42,435.00
<i>Conversion</i>							
Amended Soils	720	CY	\$ 65.00	\$ 46,800.00	\$ -	720	\$ 46,800.00
Ernst Seed Mix	16200	SF	\$ 0.15	\$ 2,430.00	\$ -	16200	\$ 2,430.00
<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 49,230.00	\$ -		\$ 49,230.00
Subtotal BMP 11				\$ 91,665.00			\$ 91,665.00
BMP 12 Sed Trap 3							
<i>Installation</i>							
4" Skimmer	1	LS	\$ 3,455.00	\$ 3,455.00	\$ -	1	\$ 3,455.00
Temp Riser & Trash Rack	1	EA	\$ 4,455.00	\$ 4,455.00	\$ -	1	\$ 4,455.00
Baffle Walls	282	LF	\$ 16.00	\$ 4,512.00	\$ -	282	\$ 4,512.00
Basin Keyway from Onsite Material	1	LS	\$ 2,850.00	\$ 2,850.00	\$ -	1	\$ 2,850.00
Outlet Control Structure	1	EA	\$ 7,900.00	\$ 7,900.00	\$ -	1	\$ 7,900.00
15" HDPE	47	LF	\$ 65.00	\$ 3,055.00	\$ -	47	\$ 3,055.00
Anti Seep Collars	2	EA	\$ 2,625.00	\$ 5,250.00	\$ -	2	\$ 5,250.00
15" Endwall	1	EA	\$ 1,600.00	\$ 1,600.00	\$ -	1	\$ 1,600.00
Spillway NAG C-125	1000	SF	\$ 0.50	\$ 500.00	\$ -	1000	\$ 500.00
Rip Rap R3	65	SF	\$ 9.00	\$ 585.00	\$ -	65	\$ 585.00
Seed Basin	33000	SF	\$ 0.05	\$ 1,650.00	\$ -	33000	\$ 1,650.00
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 35,812.00	\$ -		\$ 35,812.00
<i>Conversion</i>							
Amended Soils	420	CY	\$ 65.00	\$ 27,300.00	\$ -	420	\$ 27,300.00
Ernst Seed Mix	11000	SF	\$ 0.15	\$ 1,650.00	\$ -	11000	\$ 1,650.00
<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 28,950.00	\$ -		\$ 28,950.00
Subtotal BMP 12				\$ 64,762.00			\$ 64,762.00
BMP 13							
<i>Installation</i>							
Excavation	500	CY	\$ 9.00	\$ 4,500.00	\$ -	500	\$ 4,500.00
8" Perf PVC Pipe	280	LF	\$ 24.00	\$ 6,720.00	\$ -	280	\$ 6,720.00
Stone and Fabric	960	TN	\$ 33.00	\$ 31,680.00	\$ -	960	\$ 31,680.00
Clean Outs	1	EA	\$ 185.00	\$ 185.00	\$ -	1	\$ 185.00
Backfill	1	LS	\$ 2,215.00	\$ 2,215.00	\$ -	1	\$ 2,215.00
<i>Sediment Basin/Trap Installation Subtotal</i>				\$ 45,300.00	\$ -		\$ 45,300.00
<i>Conversion</i>							
Amended Soils	27	CY	\$ 65.00	\$ 1,755.00	\$ -	27	\$ 1,755.00
Ernst Seed Mix	1425	SF	\$ 0.15	\$ 213.75	\$ -	1425	\$ 213.75
<i>Sediment Basin/Trap Conversion Subtotal</i>				\$ 1,968.75	\$ -		\$ 1,968.75
Subtotal BMP 13				\$ 47,268.75			\$ 47,268.75
Subtotal BMPs				\$ 1,244,709.02			\$ 1,244,709.02

E. Earthwork											
Strip Topsoil	81246	CY	\$	3.25	\$	264,049.50	\$	-	81246	\$	264,049.50
Site Cut	117275	CY	\$	3.55	\$	416,326.25	\$	-	117275	\$	416,326.25
Respread Topsoil	22000	CY	\$	3.45	\$	75,900.00	\$	-	22000	\$	75,900.00
Subtotal Earthwork					\$	756,275.75				\$	756,275.75
F. Sanitary Sewer											
<i>On Site</i>											
8" SDR-35 PVC Main	4152	LF	\$	62.00	\$	257,424.00	\$	-	4152	\$	257,424.00
8" C-900 PVC Main	3000	LF	\$	110.00	\$	330,000.00	\$	-	3000	\$	330,000.00
8" DIP CL-51	844	LF	\$	165.00	\$	139,260.00	\$	-	844	\$	139,260.00
Epoxy Coated Manholes	50	EA	\$	7,455.00	\$	372,750.00	\$	-	50	\$	372,750.00
PVC Lateral Connections	139	EA	\$	555.00	\$	77,145.00	\$	-	139	\$	77,145.00
DIP Lateral Connections	16	EA	\$	1,600.00	\$	25,600.00	\$	-	16	\$	25,600.00
6" SDR-35 PVC Laterals	3732	LF	\$	64.00	\$	238,848.00	\$	-	3732	\$	238,848.00
6" C-900 PVC Laterals	2200	LF	\$	85.00	\$	187,000.00	\$	-	2200	\$	187,000.00
6" DIP Laterals	715	LF	\$	125.00	\$	89,375.00	\$	-	715	\$	89,375.00
Flush/Video	7673	LF	\$	1.45	\$	11,125.85	\$	-	7673	\$	11,125.85
HDPPE DR-11 Force Main	2950	LF	\$	65.00	\$	191,750.00	\$	-	2950	\$	191,750.00
Clean Out Manholes	2	EA	\$	13,165.00	\$	26,330.00	\$	-	2	\$	26,330.00
Air Release Valve	1	EA	\$	6,000.00	\$	6,000.00	\$	-	1	\$	6,000.00
Subtotal On Site Sanitary Sewer					\$	1,952,607.85				\$	1,952,607.85
<i>Offsite</i>											
Tie In to Existing w/ Drop	1	LS	\$	11,315.00	\$	11,315.00	\$	-	1	\$	11,315.00
10" C900 PVC Main	307	LF	\$	95.00	\$	29,165.00	\$	-	307	\$	29,165.00
Manholes	3	EA	\$	6,250.00	\$	18,750.00	\$	-	3	\$	18,750.00
Off Site 6" C900 PVC Force Main	2900	LF	\$	85.00	\$	246,500.00	\$	-	2900	\$	246,500.00
Clean Out Manholes	1	EA	\$	13,165.00	\$	13,165.00	\$	-	1	\$	13,165.00
Air Release Valve	1	EA	\$	10,575.00	\$	10,575.00	\$	-	1	\$	10,575.00
Seed and Restoration	16000	SF	\$	0.20	\$	3,200.00	\$	-	16000	\$	3,200.00
Sanitary Testing	1	EA	\$	10,000.00	\$	10,000.00	\$	-	1	\$	10,000.00
Pump Station	1	EA	\$	925,000.00	\$	925,000.00	\$	-	1	\$	925,000.00
Subtotal Off Site Sanitary Sewer					\$	1,267,670.00				\$	1,267,670.00
Subtotal Sanitary Sewer					\$	3,220,277.85				\$	3,220,277.85
G. Storm Sewer											
15" HDPE	5269	LF	\$	65.00	\$	342,485.00	\$	-	5269	\$	342,485.00
18" HDPE	1805	LF	\$	70.00	\$	126,350.00	\$	-	1805	\$	126,350.00
24" HDPE	2025	LF	\$	92.00	\$	186,300.00	\$	-	2025	\$	186,300.00
30" HDPE	172	EA	\$	114.00	\$	19,608.00	\$	-	172	\$	19,608.00
36" HDPE	283	EA	\$	135.00	\$	38,205.00	\$	-	283	\$	38,205.00
48" HDPE	223	EA	\$	229.00	\$	51,067.00	\$	-	223	\$	51,067.00
Outlet Structure	3	EA	\$	10,300.00	\$	30,900.00	\$	-	3	\$	30,900.00
Inlets	121	EA	\$	4,500.00	\$	544,500.00	\$	-	121	\$	544,500.00
Manholes	15	EA	\$	5,200.00	\$	78,000.00	\$	-	15	\$	78,000.00
15" Endwalls	1	EA	\$	1,600.00	\$	1,600.00	\$	-	1	\$	1,600.00

18" Endwalls	3	EA	\$ 1,600.00	\$ 4,800.00	\$ -	3	\$ 4,800.00
24" Endwalls	5	EA	\$ 2,250.00	\$ 11,250.00	\$ -	5	\$ 11,250.00
30" Endwalls	1	EA	\$ 2,900.00	\$ 2,900.00	\$ -	1	\$ 2,900.00
36" Endwalls	2	EA	\$ 3,200.00	\$ 6,400.00	\$ -	2	\$ 6,400.00
48" Endwalls	1	EA	\$ 7,900.00	\$ 7,900.00	\$ -	1	\$ 7,900.00
Rip Rap R3	1650	SF	\$ 9.00	\$ 14,850.00	\$ -	1650	\$ 14,850.00
Subtotal Storm Sewer				\$ 1,467,115.00			\$ 1,467,115.00
H. Curbing and Sidewalk							
Concrete Sidewalk	34340	SF	\$ 10.50	\$ 360,570.00	\$ -	34340	\$ 360,570.00
ADA Ramp w/ Detectable Warning Surface	33	EA	\$ 1,050.00	\$ 34,650.00	\$ -	33	\$ 34,650.00
Concrete Curb with Stone and Rebar	18900	LF	\$ 21.50	\$ 406,350.00	\$ -	18900	\$ 406,350.00
Subtotal Curbing and Sidewalk				\$ 801,570.00		0	\$ 801,570.00
I. Road and Parking Paving							
Fine Grade Subgrade	31950	SY	\$ 1.20	\$ 38,340.00	\$ -	31950	\$ 38,340.00
Stone Base Course	31950	SY	\$ 7.00	\$ 223,650.00	\$ -	31950	\$ 223,650.00
Bituminous Base Course	31950	SY	\$ 24.50	\$ 782,775.00	\$ -	31950	\$ 782,775.00
Bituminous Binder Course	31950	SY	\$ 14.00	\$ 447,300.00	\$ -	31950	\$ 447,300.00
Bituminous Wearing Course	31950	SY	\$ 10.50	\$ 335,475.00	\$ -	31950	\$ 335,475.00
Striping (Includes Fricks Lock)	1	LS	\$ 8,911.00	\$ 8,911.00	\$ -	1	\$ 8,911.00
Interior Street Signs	1	LS	\$ 30,625.00	\$ 30,625.00	\$ -	1	\$ 30,625.00
Subtotal				\$ 1,867,076.00		0	\$ 1,867,076.00
J. Road Construction - Fricks Lock Road							
Box Out Road	6400	SY	\$ 1.85	\$ 11,840.00	\$ -	6400	\$ 11,840.00
18" Concrete Curb	1700	LF	\$ 24.00	\$ 40,800.00	\$ -	1700	\$ 40,800.00
Fine Grade	6400	LF	\$ 1.70	\$ 10,880.00	\$ -	6400	\$ 10,880.00
6" 2A Modified	6400	SY	\$ 7.00	\$ 44,800.00	\$ -	6400	\$ 44,800.00
5" Base Course	6400	SY	\$ 25.00	\$ 160,000.00	\$ -	6400	\$ 160,000.00
2.5" Bearing Course	6400	SY	\$ 14.00	\$ 89,600.00	\$ -	6400	\$ 89,600.00
1.5" Wearing Course	6400	SY	\$ 19.00	\$ 121,600.00	\$ -	6400	\$ 121,600.00
Traffic Control	1	EA	\$ 3,000.00	\$ 3,000.00	\$ -	1	\$ 3,000.00
Subtotal				\$ 482,520.00		0	\$ 482,520.00
K. Emergency Access							
Box Out	500	SY	\$ 2.50	\$ 1,250.00	\$ -	500	\$ 1,250.00
2A Modified	500	SY	\$ 11.75	\$ 5,875.00	\$ -	500	\$ 5,875.00
3" Base Course	500	SY	\$ 22.00	\$ 11,000.00	\$ -	500	\$ 11,000.00
1.5" Wearing Course	500	SY	\$ 19.00	\$ 9,500.00	\$ -	500	\$ 9,500.00
Gate	2	EA	\$ 2,575.00	\$ 5,150.00	\$ -	2	\$ 5,150.00
Subtotal				\$ 32,775.00		0	\$ 32,775.00
L. Asphalt Walking Trail							
Box Out and Fine Grade	2935	SY	\$ 8.00	\$ 23,480.00	\$ -	2935	\$ 23,480.00
4" 2A Modified	2935	SY	\$ 10.00	\$ 29,350.00	\$ -	2935	\$ 29,350.00

1.5" Wearing Course	2935	SY	\$	19.00	\$	55,765.00	\$	-	2935	\$	55,765.00
Seed and Stabilize	18000	SY	\$	0.65	\$	11,700.00	\$	-	18000	\$	11,700.00
Subtotal					\$	120,295.00	\$	-	0	\$	120,295.00
M. Other											
Monuments	59	EA	\$	325.00	\$	19,175.00	\$	-	59	\$	19,175.00
Lighting	1	LS	\$	259,000.00	\$	259,000.00	\$	-	1	\$	259,000.00
Lot Pins / As-Builts	1	LS	\$	50,000.00	\$	50,000.00	\$	-	1	\$	50,000.00
On Site Amenities / Incl Mailbox	1	LS	\$	283,500.00	\$	283,500.00	\$	-	1	\$	283,500.00
Fire Hydrants	10	EA	\$	7,500.00	\$	75,000.00	\$	-	10	\$	75,000.00
Subtotal					\$	686,675.00				\$	686,675.00
N. Landscaping											
Ilex Opaca	38	EA	\$	755.00	\$	28,690.00	\$	-	38	\$	28,690.00
Picea Glauca	39	EA	\$	490.00	\$	19,110.00	\$	-	39	\$	19,110.00
Picea Omorika	56	EA	\$	520.00	\$	29,120.00	\$	-	56	\$	29,120.00
Pinus Strobus	45	EA	\$	455.00	\$	20,475.00	\$	-	45	\$	20,475.00
Amelanchier Canadensis	12	EA	\$	520.00	\$	6,240.00	\$	-	12	\$	6,240.00
Cercis Canadensis	5	EA	\$	490.00	\$	2,450.00	\$	-	5	\$	2,450.00
Cornus Rudan	11	EA	\$	530.00	\$	5,830.00	\$	-	11	\$	5,830.00
Gleditsia Triacanthos	11	EA	\$	505.00	\$	5,555.00	\$	-	11	\$	5,555.00
Itea Virginia 'Little Henry'	137	EA	\$	59.00	\$	8,083.00	\$	-	137	\$	8,083.00
Ilex Glabra	117	EA	\$	68.00	\$	7,956.00	\$	-	117	\$	7,956.00
Celtis Occidentalis	85	EA	\$	505.00	\$	42,925.00	\$	-	85	\$	42,925.00
Platanus Occidentalis	88	EA	\$	455.00	\$	40,040.00	\$	-	88	\$	40,040.00
Quercus Phellos	101	EA	\$	505.00	\$	51,005.00	\$	-	101	\$	51,005.00
Tilia Americana 'Redmond'	102	EA	\$	520.00	\$	53,040.00	\$	-	102	\$	53,040.00
Ilms Americana 'Princeton'	78	EA	\$	455.00	\$	35,490.00	\$	-	78	\$	35,490.00
Liriodendron Tilpifera	25	EA	\$	495.00	\$	12,375.00	\$	-	25	\$	12,375.00
Nyssa Sylvatica	21	EA	\$	490.00	\$	10,290.00	\$	-	21	\$	10,290.00
Quercus Bicolor	18	EA	\$	470.00	\$	8,460.00	\$	-	18	\$	8,460.00
Taxodium Distichum	23	EA	\$	365.00	\$	8,395.00	\$	-	23	\$	8,395.00
Aronia Arbutifolia	176	EA	\$	46.00	\$	8,096.00	\$	-	176	\$	8,096.00
Hamelis Virginia	58	EA	\$	100.00	\$	5,800.00	\$	-	58	\$	5,800.00
Hydrangea Quercifolia	59	EA	\$	68.00	\$	4,012.00	\$	-	59	\$	4,012.00
Ilex Verticillata	164	EA	\$	42.00	\$	6,888.00	\$	-	164	\$	6,888.00
Kalma Latifolia	174	EA	\$	100.00	\$	17,400.00	\$	-	174	\$	17,400.00
Myrica Pennsylvania	147	EA	\$	49.00	\$	7,203.00	\$	-	147	\$	7,203.00
Viburnum Acerfolium	116	EA	\$	55.00	\$	6,380.00	\$	-	116	\$	6,380.00
Dichantheium Clandestinum	3500	EA	\$	12.00	\$	42,000.00	\$	-	3500	\$	42,000.00
Puccinellia Distans	3500	EA	\$	12.00	\$	42,000.00	\$	-	3500	\$	42,000.00
Juncus Effusus	3500	EA	\$	12.00	\$	42,000.00	\$	-	3500	\$	42,000.00
Carex Scoparia	3500	EA	\$	12.00	\$	42,000.00	\$	-	3500	\$	42,000.00
Carex Vulpinoidea	3500	EA	\$	12.00	\$	42,000.00	\$	-	3500	\$	42,000.00
Elymus Virginicus	3500	EA	\$	12.00	\$	42,000.00	\$	-	3500	\$	42,000.00
Cornus Sericea	115	EA	\$	45.00	\$	5,175.00	\$	-	115	\$	5,175.00
Acer Rubrum - 4-6' Whlp	400	EA	\$	26.00	\$	10,400.00	\$	-	400	\$	10,400.00

Acer Saccharum 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Celtis Occidentalis 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Ilex Opaca - 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Liquidambar Styraflua 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Nyssa Sylvatica 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Platanus Acerfolia 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Platanus Occidentalis 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Quercus Bicolor 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Quercus Imbricaria 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Quercus Texana 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
Sassafras Albidum 4-6' Whip	400	EA	\$ 26.00	\$ 10,400.00	\$ -	400	\$ 10,400.00
ERNMX-126	113000	SF	\$ 0.22	\$ 24,860.00	\$ -	113000	\$ 24,860.00
ERNMX-181-2	114000	SF	\$ 0.26	\$ 29,640.00	\$ -	114000	\$ 29,640.00
ERNMX-105	167000	SF	\$ 0.26	\$ 43,420.00	\$ -	167000	\$ 43,420.00
Subtotal				\$ 931,203.00			\$ 931,203.00

SUBTOTAL OF A-N: \$ 12,381,331.97
 10% CONTINGENCY \$ 1,238,133.20
 TOTAL \$ 13,619,465.17



Schedule of Improvements to be Dedicated

Owner/Developer agrees to offer for dedication to the Township the following areas and facilities, all as more particularly shown on the Plans and as indicated on the Plans as areas "to be dedicated":

1. Fricks Lock Right of Way
2. Sanatoga Road Right of Way
3. Pump Station Lot (5,053 sq. ft.)
4. Open Space Areas 1, B and 2

EXHIBIT "E"

-45-

AGREEMENT

among

**NORTH COVENTRY MUNICIPAL
AUTHORITY**

and

NORTH COVENTRY TOWNSHIP

and

EAST COVENTRY TOWNSHIP

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AGREEMENT

THIS AGREEMENT, made this 27th day of January, A.D. 2004, by and among:

NORTH COVENTRY MUNICIPAL AUTHORITY, a Pennsylvania Municipality Authority, whose office is located at 1485 East Schuylkill Road, Pottstown, North Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "Authority"); and

NORTH COVENTRY TOWNSHIP, a Pennsylvania Township of the Second Class, whose office is located at 845 South Hanover Street, Pottstown, North Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "North Coventry"); and

EAST COVENTRY TOWNSHIP, a Pennsylvania Township of the Second Class, whose office is located at 855 Ellis Woods Road, Pottstown, East Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "East Coventry"),

WITNESSETH:

WHEREAS, Authority has constructed, owns, and is operating a municipal wastewater collection system, a wastewater treatment plant, and related facilities in North Coventry Township, Chester County, Pennsylvania; and

WHEREAS, the Authority's wastewater treatment plant has received a Permit from the Pennsylvania Department of Environmental Protection (hereinafter referred to as "DEP") to treat up to 1,500,000 gallons of wastewater per day; and

WHEREAS, East Coventry and North Coventry are located in the northern portion of Chester County, both having a northern border along the Schuylkill River, and both sharing a common municipal boundary line; and

WHEREAS, East Coventry has adopted an Act 537 Sewage Facilities Plan, identifying a need for wastewater treatment plant capacity for 510,000 gallons of wastewater per day from portions of East Coventry Township which are experiencing malfunctioning on-site sewer systems and demands for new development; and

WHEREAS, Authority and North Coventry have determined that the currently remaining treatment capacity of the Authority's wastewater treatment plant must be retained for property owners within North Coventry Township; and

WHEREAS, East Coventry has agreed to provide all construction and non-construction costs, as well as all other related expenses, for the Authority's expansion of the Authority's existing wastewater treatment plant to provide for 510,000 gallons per day of additional

wastewater treatment capacity (hereinafter referred to as "Treatment Plant Expansion Project" or "Project"); and

WHEREAS, Authority and North Coventry have agreed that Authority should construct the required additional facilities for the Treatment Plant Expansion Project to increase the Authority's Permit by 510,000 gallons per day and to provide for treatment of up to 510,000 gallons of wastewater per day from East Coventry; and

WHEREAS, in addition to paying all of the costs for the Treatment Plant Expansion Project, (estimated at \$2,353,000.00) which represents only a minor expansion of the Authority's facilities because existing treatment units and infrastructure can be utilized for the additional capacity, East Coventry has agreed to pay its proportionate share of the net costs for East Coventry's use of the Authority's existing treatment facilities and infrastructure, as well as the purchase by Authority of additional land, with East Coventry's proportionate share being One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00); and

WHEREAS, East Coventry will be constructing its own wastewater collection system within East Coventry Township for the conveyance of wastewater to the Authority's wastewater treatment plant; and

WHEREAS, North Coventry Municipal Authority and North Coventry Township are agreeable to providing East Coventry Township with not more than 800 EDU's of treatment capacity during the period from signing the Agreement through construction to satisfy and accommodate East Coventry in accordance with the terms and provisions of this Agreement.

WHEREAS, the parties further wish to establish the sharing of the operation and maintenance costs of the Authority's expanded wastewater treatment plant after the completion of the Project; and

WHEREAS, the parties wish to establish the sharing of the costs of future repairs, replacements, and upgrades to the Authority's wastewater treatment plant after completion of the Project.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

Definitions

1.1. Terms and phrases defined in this Section 1.01, for all purposes of this Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

"AADF" shall mean Annual Average Daily Flow, a measurement of wastewater flow expressed in gallons per day, determined by dividing the total wastewater flow (in gallons) under consideration during a calendar year by the actual number of days in such year.

"Act 537" shall mean the Pennsylvania Sewage Facilities Act of January 24, 1966, P.L. (1965) 1535, No. 537, as amended, 35 P.S. §750.1, et seq.

"Act 537 Sewage Facilities Plan" shall mean the comprehensive plan, including all revisions thereto, for the provision of adequate sewage systems adopted by East Coventry and North Coventry, respectively, and submitted to and approved by DEP as provided in and by Act 537 and the regulations of DEP promulgated thereunder.

"Agreement" shall mean this document, its Exhibits, and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with provisions hereof, which phrase sometimes is referred to in this document by use of such words as "hereto", "hereby", "herein", "hereof" or "hereunder".

"Authority" shall mean North Coventry Municipal Authority, a municipality authority incorporated pursuant to the provisions of the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented.

"Authority's Treatment Plant" shall mean all facilities which shall be owned and operated by Authority, from time to time, for the treatment and disposal of wastewater, together with any additions or alterations therein.

"Authority's Wastewater System" shall mean the existing wastewater system, including, but not limited to, all interceptors, collection sewers, and pump stations, the Authority's Treatment Plant, and all related facilities, from time to time, connected therewith, located in and servicing North Coventry and all future additions and alterations thereto, exclusive of the East Coventry Wastewater Collection System; as that term is hereinafter defined.

"Board" shall mean the governing body of the Authority.

"Construction Fund Account" shall mean the special bank account to be established and maintained by the Authority under Section 4.9 of this Agreement and to be used for the payment of all expenses of the Treatment Plant Expansion Project.

"Cost of Treatment Per Gallon" shall mean the quotient obtained by dividing the cost for operation of the wastewater treatment plant during a given period of time by the number of gallons discharged by the plant during the same period of time.

"DEP" shall mean Department of Environmental Protection of the Commonwealth of Pennsylvania or its successor agency.

“Domestic Wastewater” shall mean the normal water-carried household and toilet wastes or wastewater from single or multi-family residences, buildings, structures, businesses, institutions, commercial establishments, and industrial establishments, specifically excluding industrial waste used in production of any commercial or industrial product or water to which there is any contribution of any deleterious, hazardous, toxic, or other waste as may be designated from time to time by the Ordinances, Resolutions, or administrative requirements adopted by the Board of the Authority.

“East Coventry” shall mean the Township of East Coventry, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, acting by and through its Board of Supervisors and, in appropriate cases, acting by and through its authorized representatives.

“East Coventry Wastewater Collection System” shall mean the wastewater collection system to be constructed in the Township of East Coventry, which will be owned and operated by East Coventry, and which will convey and transport wastewater so collected to the Authority’s Treatment Plant under and in accordance with this Agreement.

“EDU” shall mean Equivalent Dwelling Unit, a measure of wastewater flow anticipated for planning purposes to be received from each Residence. For the purposes of this Agreement, the flow for each EDU shall be calculated as 300 gallons per day.

“Engineer” shall mean a Person, who shall be Independent, appointed by the Board of the Authority or the Board of Supervisors of a Township, qualified to pass upon engineering questions relating to wastewater systems and having a favorable reputation for skill and experience in connection with construction and operation of wastewater systems. If such Person shall be an individual, he shall be a professional engineer duly registered under laws of the Commonwealth of Pennsylvania. If such Person shall be a partnership, a corporation, or an association, it shall have a partner, officer, employee or member who is a professional engineer duly registered under laws of the Commonwealth.

“EPA” shall mean the United States Environmental Protection Agency, or, where appropriate, the Administrator or other duly authorized official of said agency or its successor agency.

“Flow Proportioned Composite Sample” shall mean a sample of wastewater taken in proportion to the volume of flow in not greater than one hour increments for a specified period of time in order to accurately represent the wastewater characteristics in the total volume of wastewater being sampled.

“GPD” shall mean gallons per day of wastewater, calculated as total gallons recorded in a particular time period expressed in days divided by the total number or fractional part of days in the same time period.

“Grab Sample” shall mean an individual sample of at least 100 milliliters collected at a randomly-selected representative time over a period not exceeding 15 minutes (or as subsequently defined and amended by DEP relative to NPDES permits).

“Improved Property” shall mean any property, tract, lot, or parcel of real estate upon which is situate an occupied or occupiable structure, building, establishment, use, or activity consistent with the statutes of the Commonwealth of Pennsylvania, as would require wastewater facilities planning, service, and/or improvements as therein defined in Act 537, or other statutes of the Commonwealth of Pennsylvania, as amended.

“Independent” shall mean, with respect to an Engineer, a Person who is not a member of the Board, an officer or employee of the Authority or an elected or appointed official or employee of East Coventry or North Coventry Township, or which is not a partnership, a corporation or an association having a partner, director, officer, member or substantial stockholder who is a member of the Board, an officer or employee of the Authority or an elected or appointed official or employee of either Township; provided, however, that the fact that such Person is retained regularly by the Authority or the Municipality shall not make such Person an employee within the meaning of this definition.

“Industrial Establishment” shall mean any improved property used or intended for use, wholly or in part, for the manufacturing, processing, cleaning, laundering, or assembly of any product, commodity, or article, or any other improved property from which wastes, in addition to other than domestic wastewater, shall or may be discharged, and further subject to the terms, conditions, and provisions hereinafter set forth regarding industrial waste receipt, conveyance, pre-treatment, or treatment.

“Industrial Waste” shall mean any solid, liquid, or gaseous substance or form of energy emitted, expelled, exhausted, rejected, or escaping in the course of any industrial, manufacturing, trade, or business process, or in the course of the development, recovery, or processing of natural resources, as distinct from Domestic Wastewater, as that term is herein defined.

“Maximum Monthly Average Daily Flow” shall mean a measurement of wastewater flow expressed in gallons per day, determined by dividing the total wastewater flow (in gallons) under consideration by the number of days since the last recorded monthly reading, generally 31 days.

“MGD” shall mean million gallons per day of wastewater, calculated as the total gallons expressed in millions of gallons recorded in a particular time period divided by the total number or fractional part of days in the same time period.

“Month” shall mean a calendar month consisting of the days in the particular month (i.e. February has 28 or 29 days, depending upon leap year or not. April, June, September and November have 30 days, with the remaining months having 31 days).

"North Coventry" shall mean the Township of North Coventry, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, acting by and through its Board of Supervisors and, in appropriate cases, acting by and through its authorized representatives.

"NPDES (National Pollution Discharge Elimination System) Permit" shall mean a permit or equivalent document or requirement issued pursuant to Section 402 of the Federal Water Pollution Control Act, also known as the Clean Water Act, 33 U.S.C.A. §1342.

"Project" shall mean the Treatment Plant Expansion Project.

"Residence" shall mean any room, group of rooms, motel unit, mobile home, or other enclosure occupied or intended for occupancy as separate living quarters by a family or other group of persons living together or by persons living alone, and shall include townhouse units, condominium units, apartment units, and apartments in converted single family dwellings, each such unit being deemed a single residence.

"Treatment Plant Expansion Project" or **"Project"** shall mean the expansion of the Authority's Treatment Plant, as the same now exists, as such expansion is contemplated and provided for under and by this Agreement.

"Wastewater" shall mean liquid and water carried Industrial Waste or Domestic Wastewater from dwellings, commercial buildings, industrial facilities and institutions, together with any groundwater, surface water and storm water that may be present, whether treated or untreated, which is contributed into or permitted to enter the Authority's Treatment Plant.

"24-Hour Composite Sample" shall mean a combination of at least eight-sample aliquots of at least 100 milliliters, collected manually or automatically at periodic intervals during the operating hours of a facility over a 24-hour period. The composite must be flow proportional which can be achieved by one of three ways:

(1) Constant sample volume taken at time intervals, between samples, that are proportional to the discharge flow.

(2) Constant time intervals between samples, with varying sample volume proportional to total discharge flow at the time of sampling.

(3) Constant time intervals between samples with varying sample volume proportional to total discharge flow since the last sample was taken.

(or as subsequently defined and amended by DEP relative to NPDES permits).

ARTICLE II

Act 537 Plan Revisions

2.1. North Coventry agrees that the Authority should prepare and present to North Coventry a revision to North Coventry's Act 537 Sewage Facilities Plan for adoption, providing for Authority's wastewater treatment plant capacity to be increased to 2,010,000 gallons per day and to provide for the Authority's wastewater treatment plant to treat up to 510,000 gallons per day of wastewater from East Coventry.

2.2. East Coventry agrees to revise its Act 537 Sewage Facilities Plan to provide for up to 510,000 gallons per day of wastewater from East Coventry to be treated at the Authority's wastewater treatment plant, upon the capacity of the Authority's wastewater treatment plant being increased to 2,010,000 gallons per day, and upon the completion of the Treatment Plant Expansion Project.

2.3. Each party agrees to further amend its Act 537 Plans to be consistent with any approvals required by the Pennsylvania Department of Environmental Protection. Each party shall endeavor to achieve approval by the Pennsylvania Department of Environmental Protection of the capacities stated above.

2.4. Each party shall attempt to implement its Act 537 Selected Plan Alternative in accordance with the proposed schedule found in Section 4.12 of this Agreement.

2.5. Each party to this Agreement agrees to prepare and submit an application for a Fifty Per Cent (50%) reimbursement provided by the Pennsylvania Department of Environmental Protection for preparation of Act 537 Plans and Special Studies.

2.6. East Coventry agrees to pay all costs incurred by North Coventry and Authority in planning and revising North Coventry's Act 537 Sewage Facilities Plan as the Plan relates to East Coventry Township. East Coventry shall have the opportunity to review and comment on the North Coventry/Authority Engineer's estimated cost to prepare an Act 537 Plan for North Coventry. These costs shall be a part of the non-construction costs hereinafter required to be paid by East Coventry.

ARTICLE III

Treatment Plant Expansion

3.1. Authority agrees that, provided East Coventry performs all of its obligations under this Agreement and pays to the Authority all amounts required under this Agreement, and upon obtaining the required approvals of DEP, the Authority will construct an expansion of the Authority's wastewater treatment plant, as described in this Agreement, and Authority will, upon

completion of the Treatment Plant Expansion Project, accept and treat, in accordance with applicable regulations and permits, an amount of wastewater from East Coventry not to exceed an Annual Average Daily Flow, "AADF", of 510,000 gallons of wastewater per day, subject to the terms of this Agreement.

ARTICLE IV

Procedures to Implement Treatment Plant Expansion

4.1. The Authority's Engineer, Spotts, Stevens and McCoy, Inc., has prepared an opinion of estimated expansion project costs to increase the plant capacity for the Authority's wastewater treatment plant to 2,010,000 gallons per day. This opinion was last revised on December 3, 2001, to increase the total estimated Treatment Plant Expansion Project costs to \$2,353,000.00. A copy of the December 3, 2001, cost opinion is attached hereto as Exhibit "A" and made a part hereof. The estimated Project costs listed below shall be revised in accordance with the Act 537 Plans of North Coventry and East Coventry Townships as approved by the Pennsylvania Department of Environmental Protection. The components of the cost opinion are as follows:

Opinion of probable construction costs	
Major process units	\$1,475,200.00
Bonds and insurance (2%)	29,504.00
Mobilization, demobilization (1.5%)	22,128.00
General conditions (4%)	<u>59,008.00</u>
Total Opinion of probable construction costs	\$1,585,840.00
20% construction contingency	317,160.00
Non-construction (budget value only)	<u>450,000.00</u>
Total estimated expansion project costs	\$2,353,000.00

4.2. The costs associated with increasing the capacity of the Authority's treatment plant consist of both construction and non-construction costs. Non-construction costs include, but are not limited to, planning, legal, design, preparation of this Agreement, permitting, bidding, redesign and rebidding (if necessary), construction observation, contract administration, testing, start-up, auditor's fees, permit fees, and all other similar Project expenses.

4.3. East Coventry has requested to connect to the Authority's Treatment Plant shortly after the execution of this Agreement to receive the immediate benefit of wastewater treatment before the Treatment Plant Expansion Project scope and costs are fully known or the construction is completed. There is a risk that the scope, costs and completion time could change substantially as the Project develops. No planning, design or permitting has yet been prepared or approvals obtained. No preliminary treatment requirements for the Expansion Project have been received. No bids for the Expansion Project have been received. The premise of the Project is that all

regulatory approvals can be obtained, and the concept for the plant expansion is based on 2001 regulations. East Coventry is to be solely responsible for the payment of all actual construction and non-construction costs of the Treatment Plant Expansion Project, which may be greater than or less than the estimated Project costs stated above in Section 4.1. The estimated costs of the Expansion Project identified above are cost opinions currently based on limited detail. East Coventry will be responsible for the payments due for all change orders and all other costs and expenses that arise during the course of the Expansion Project. Neither North Coventry nor the Authority will be responsible for the payment of any of the Treatment Plant Expansion Project costs.

4.4. East Coventry will pay Authority Three Hundred Thousand Dollars (\$300,000.00) at the time of the signing of this Agreement, which amount is meant to be used for the payment of the engineering and other non-construction costs of the Treatment Plant Expansion Project anticipated through the time of the receipt of construction bids. This amount is to be placed in a separate Construction Fund Account by Authority and is to be used by Authority for the payment of actual invoices and costs incurred in proceeding with the engineering fees, legal fees, permits, and administration costs of the Treatment Plant Expansion Project. Payments will be made upon approval by Authority of Requisitions submitted. Copies of approved Requisitions with supporting documentation will be provided to East Coventry.

4.5. After the execution of this Agreement and the Authority's receipt of the Three Hundred Thousand Dollars (\$300,000.00) required in Section 4.4 above, the Authority's Engineer will begin the preparation of the requirements for DEP approval, design for bidding, and the bidding and contract drawings, specifications, and documents for the Treatment Plant Expansion Project, in accordance with the preliminary Anticipated Implementation Schedule in Section 4.12 hereafter. Updated estimates of project costs (i.e. updated construction cost opinions, plus updated estimates of non-construction costs) shall be provided by Authority to East Coventry at the following stages of the Expansion Project:

- A. 30 days after completion of Preliminary Design Report. The Report will be based upon the Part 1 NPDES discharge permit issued by the Pennsylvania Department of Environmental Protection;
- B. 30 days after submittal of the Water Quality Management Part 2 Permit application to the Pennsylvania Department of Environmental Protection;
- C. 30 days prior to advertising for bids;
- D. 30 days after receipt of bids.

East Coventry will be given the opportunity to review the design and bidding documents. East Coventry may make suggestions concerning these documents, but the decision concerning the final design, specifications, and bidding documents shall be made solely by Authority.

4.6. After receipt of bids, and provided that the total of the construction contract bids received from the apparent lowest responsible bidders does not exceed One Hundred Ten Per Cent (110%) of the last updated opinion of probable construction costs issued by the Authority's Engineer prior to bidding, the Authority may proceed with the awarding of the construction contracts without any approval from East Coventry.

4.7. If, after receipt of bids, the total of the construction contract bids received from the apparent lowest responsible bidders does exceed One Hundred Ten Per Cent (110%) of the last updated opinion of probable construction costs issued by the Authority's Engineer prior to bidding, Authority and East Coventry shall review the bids received and collectively evaluate what revisions, if any, may be possible to reduce the cost of the construction contracts. If, within forty (40) days of the receipt of bids, both the Authority and East Coventry agree that the contracts should be awarded based upon the bids received, the Authority shall proceed with the awarding of the construction contracts.

If it is necessary to redesign the plant expansion and/or rebid the construction contracts, a revised opinion of probable construction costs shall be issued by the Authority's Engineer. After receipt of the "rebid", and provided that the total of the construction contract bids received from the apparent lowest responsible bidders does not exceed One Hundred Ten Per Cent (110%) of the revised opinion of probable construction costs issued by the Authority's Engineer prior to the "re-bidding", the Authority may proceed with awarding of the construction contracts without any approval from East Coventry.

If, after receipt of the "rebid", the total of the construction contract bids received from the apparent lowest responsible bidders does exceed One Hundred Ten Per Cent (110%) of the revised opinion of probable construction costs issued by the Authority's Engineer prior to rebidding, East Coventry agrees that it will either:

A. Within forty (40) days of the receipt of the rebids, agree that the Authority proceed to award the construction contracts.

B. Stop any further connections to East Coventry's collection system that discharge into the Authority's system, until the Treatment Plant Expansion Project is funded at One Hundred Ten Per Cent (110%) of the total construction contract bid amounts. (Note: the solution to the eventual funding may be the result of further redesign, further rebidding, and/or further negotiation and cost sharing between the parties, or other alternatives, etc.)

4.8. Within thirty (30) days after the award of the construction contracts by the Authority, East Coventry agrees to pay to the Authority any additional sum of money necessary to provide that the Authority's Construction Fund Account contains a balance at least equal to the remaining estimated non-construction Project costs and One Hundred Ten Per Cent (110%) of the Project construction costs (based upon the construction contracts awarded).

4.9. The amounts paid by East Coventry to the Authority under Sections 4.4, 4.8, and 7.4(B) of this Agreement will be placed in the Authority's Construction Fund Account by the Authority, and will be used by the Authority for the payment of construction costs, non-construction costs, change orders, and related Treatment Plant Expansion Project expenses. The Construction Fund Account shall be an interest-bearing account, with interest being used for the Project costs. Payments will be made from the Construction Fund Account upon the approval of the Authority of Requisitions submitted. Copies of Requisitions with supporting documentation scheduled for action by the Authority will be provided to East Coventry seven (7) days prior to the Authority meeting where action is scheduled to be taken on the Requisitions.

The Authority's Engineer shall monitor the balance remaining in the Construction Fund Account, and compare the remaining balance with the amount of work, including change orders, remaining to complete the Project. If, during the construction phase of the Treatment Plant Expansion Project, the amount remaining in the Construction Fund Account is less than the amount at any time or times determined by the Authority's Engineer to be needed to complete the wastewater Treatment Plant Expansion Project, East Coventry will pay to Authority the additional amount or amounts determined by the Authority's Engineer and the Authority to be necessary. The additional amount(s) are to be paid by East Coventry within thirty (30) days of the notification from the Authority to East Coventry of the additional amount(s) which, from time to time, are necessary.

4.10. After the Certificate of Substantial Completion has been issued by the Authority's Engineer and approved by the Authority, East Coventry will be a bulk customer of the Authority's expanded wastewater treatment plant, subject to the limitations in this Agreement. The Authority shall, at all times, be the sole owner of the original treatment plant facilities and of all of the additional treatment plant facilities constructed during the Treatment Plant Expansion Project.

4.11. After final payment to all of the construction contractors, the Authority's Engineer will issue a Report of Final Project Costs. Provided that all payments required by this Agreement have been made by East Coventry to Authority, after approval by the Authority of the Report of Final Project Costs, any balance remaining in the Construction Fund Account, including remaining interest, if any, shall be paid to East Coventry.

4.12. Anticipated Implementation Schedule. A preliminary schedule for implementing the Project is included in this Section. The schedule is labeled "preliminary" at this time because the full scope of some activities is not fully known, nor is the response time from governmental and regulatory agencies known. The schedule is subject to change as the Project develops.

<u>Task</u>	<u>Estimated Duration (months)</u>	<u>Cumulative Time (months)</u>
1 - DEP conditional approval of E. Coventry Act 537 Plan	---	---
2 - Intermunicipal Agreements executed	---	---
3 - Approval to receive limited flow from East Coventry prior to completion of Expansion Project (Note 1)	---	---
4 - Prepare and submit N. Coventry Act 537 Plan of Study	1	---
5 - DEP approval of N. Coventry Act 537 Plan of Study	2	start of time
6 - Prepare N. Coventry Act 537 Plan for Plant Expansion	3	3
7 - DEP review and approval of N. Coventry Act 537 Plan	4	7
8 - Design, permit applications, bid documents (12 month duration)		
8(a) Preliminary Design Report and 30% Design Review	4	11
8(b) 60% Design Review	3	14
8(c) Submit Part 2 Permit Application to DEP	2	16
8(d) 95% Design Review	(2)	
9 - DEP review complete, all permits issued	4	20
8(e) Finalize Plans, Specifications, and Bid Documents	1	21
10 - Authorization to advertise for bids	1	22
11 - Copy, distribute documents, receive bids	2	24
12 - Review bids, bid recommendation	1	25
13 - Notice to East Coventry of required funds, if any	---	25
14 - Receipt of project funds from East Coventry (30 days)	1	27
15 - Issue Notice of Award to lowest responsible bidders	---	27
16 - Preparation, review, execution of contract documents	2	29
17 - Issue Notice to Proceed	1	30
18 - Construction (14 month duration)		
18(a) 30% Construction review	4	34
18(b) 60% Construction review	4	38
18(c) Substantial Completion, Certificate of Substantial Completion to be issued, full flow allocation for East Coventry now		

available	4	42
18(d) Final inspection, final payment to contractors	2	44
19 - Project complete, Report of Final Project Costs to be issued, unused project funds returned	1	45

Notes:

(1) Beginning of actual discharge of flow from East Coventry is dependent on construction of certain East Coventry conveyance facilities. That construction will occur concurrently with the Expansion Project, but does not further impact completion of the above tasks.

ARTICLE V

Payment to Authority for Share of Existing Facilities

5.1. The Authority has determined that the net cost basis of the Authority's existing treatment plant facilities is Five Million Six Hundred Thirty-eight Thousand Four Hundred One Dollars (\$5,638,401.00). This cost basis is calculated based upon the actual expenditures at the treatment plant since 1960 and escalated to September, 2002 values, as provided in Exhibit H.

5.2. In addition to all amounts required to be paid by East Coventry to Authority for the Treatment Plant Expansion Project, East Coventry agrees to pay to Authority One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00), which represents East Coventry's contribution toward the portion of the Authority's existing wastewater treatment plant anticipated to be used by East Coventry and East Coventry's contribution toward the Purchase Price of the additional 4.45 acres of land being purchased by the Authority from East Coventry Township. The required payment of One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) is based upon East Coventry's allocation of 510,000 gallons of available treatment capacity per day of the 2,010,000 gallons per day total treatment plant capacity available after completion of the Treatment Plant Expansion Project. East Coventry's 25.4% of \$5,638,401.00 equals \$1,432,154.00, together with \$31,750.00 toward the land acquisition, for a total of \$1,463,904.00, which is rounded to \$1,464,000.00. East Coventry agrees to pay to the Authority the \$1,464,000.00 as follows:

(a) \$1,250,000.00 at the same time as East Coventry is required to pay to the Authority the 110% of the total of the construction contract bid amounts received from the apparent lowest responsible bidders for all of the required construction contracts under Sections 4.6 and 4.7 of this Agreement.

(b) \$214,000.00 on or before thirty (30) days after the issuance of the Certificate of Substantial Completion by the Authority's Engineer.

In accordance with the provisions of Section 7.4 of this Agreement, payment by East Coventry for sewer permits in excess of the Project construction costs and Project non-

construction costs shall be credited against the above \$1,464,000.00. The above payments, as received, will be deposited to the Authority's accounts.

5.3. The payment by East Coventry of One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) is a fixed cost, and is not subject to further cost escalation after execution of this Agreement.

5.4. All of the Authority's existing treatment plant facilities shall continue to be solely owned by the Authority. No payments made by East Coventry pursuant to any provision of this Agreement shall entitle East Coventry to ownership of the existing or expanded treatment plant, or any interest therein, except for the treatment capacity as expressly granted to East Coventry pursuant to this Agreement.

ARTICLE VI

East Coventry Sewer System

6.1. East Coventry shall, at its sole cost and expense, construct its own wastewater collection facilities within East Coventry Township. The East Coventry wastewater collection system shall be solely owned by East Coventry, and East Coventry will be responsible for the proper repair and maintenance of the East Coventry wastewater collection system.

6.2. East Coventry's Engineer shall inspect the construction of the East Coventry wastewater collection system, and shall, upon completion of each section of construction of the East Coventry conveyance/collection system, issue a written Certificate of Completion to East Coventry and the Authority for each section of the construction which could discharge wastewater for treatment that this section of the East Coventry wastewater collection system has been properly completed and is available for conveyance of wastewater to the Authority's wastewater treatment plant.

6.3. East Coventry's wastewater collection system shall connect to the Authority's treatment plant facilities at a location or locations approved by the Authority.

6.4. East Coventry service area is the East Coventry Act 537 Plan sewer service area as approved by the Pennsylvania Department of Environmental Protection. The initial service area proposed by East Coventry is generally north of Bickel's Run and north of Pigeon Creek and within the East Coventry Township boundaries, as shown on Exhibit "C" attached hereto. Nevertheless, East Coventry may not exceed the flow limitations of this Agreement, or any modifications thereto.

6.5. Existing Improved Properties located in East Coventry Township which are currently connected to the Authority's wastewater collection and treatment system will remain customers of the Authority and will not become customers of East Coventry. The flows from

these Improved Properties will not be included as a part of the East Coventry flow allocation under this Agreement.

ARTICLE VII

Acceptance of East Coventry Sewage Flows Prior to Completion of Treatment Plant Expansion Project

7.1. The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. East Coventry agrees with the use of 300 gallons per day per EDU for the period prior to the completion of the Treatment Plant Expansion Project.

7.2. Within 120 days of the date of this Agreement, East Coventry shall purchase sewer connection permits from the Authority for 800 EDU's of capacity by payment to the Authority of Four Million Six Hundred Thousand Dollars (\$4,600,000.00). Credit shall be given to East Coventry for the Three Hundred Thousand Dollars (\$300,000.00) paid under Section 4.4 of this Agreement. Upon receipt of the net payment of Four Million Three Hundred Thousand Dollars (\$4,300,000.00), the Authority shall issue a bulk sewer permit for these 800 EDU's. East Coventry, in its sole discretion, shall thereafter allocate the EDU's which East Coventry has purchased to those property owners within East Coventry Township. East Coventry shall give written instructions from its Township Secretary to North Coventry Township and the Authority to sign sewer modules for specific projects within East Coventry Township which have been allocated wastewater capacity by East Coventry as a part of the 800 EDU's purchased herein, and stating the number of EDU's allocated to that particular project by East Coventry.

7.3. The Authority agrees to begin accepting wastewater from the East Coventry collection system upon approval of sewer planning modules from East Coventry projects by DEP and upon the receipt of the Certificate of Completion by East Coventry's Engineer that the East Coventry wastewater collection system has been properly completed.

7.4. Upon receipt of the Four Million Three Hundred Thousand Dollar (\$4,300,000.00) payment from East Coventry, the Authority shall:

A. Deposit One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) as funds of the Authority, which represents the amount required to be paid by East Coventry as its contribution under Article V of this Agreement.

B. Deposit Two Million Eight Hundred Thirty-six Thousand Dollars (\$2,836,000.00) into the Authority's Construction Fund Account to be credited by the Authority against the payments required to be made by East Coventry for the Project construction costs and the Project non-construction costs that are required to be paid by East Coventry under Article IV of this Agreement.

7.5. Until completion of the Treatment Plant Expansion Project, East Coventry shall give no allocation to industrial users discharging process wastewater that would require pre-treatment of sewage effluent and wastewater in accordance with the United States Environmental Protection Agency (U.S. EPA) guidelines, procedures and categorical standards published in 40 CFR and future revisions thereto.

7.6. By the 10th day of each month after East Coventry has begun to allow connections to its wastewater collection system, East Coventry will provide the Authority with a written report of the number of single family units and other EDU's which have been connected to the East Coventry wastewater collection system during the previous month and the date of each connection based upon "Use and Occupancy Permits" as have been issued for the particular uses connected to the East Coventry Township collection and conveyance system. Sewer rental bills during the first quarter that an EDU is connected will be pro-rated on a daily basis in that quarter, beginning with the date that the East Coventry Township's Use and Occupancy Permit was issued. Quarterly bills for all connections made to the East Coventry wastewater collection system will be sent as a bulk bill to East Coventry on or about the 15th day following each calendar quarter. In computing the bill to East Coventry, the amount of the quarterly sewer rental for each EDU connected to the East Coventry wastewater collection system will be the same amount charged by the Authority to its customers (currently One Hundred Dollars {\$100.00} per quarter). Payment of invoices shall be as stated in Section 10.7 of this Agreement. These quarterly EDU charges to East Coventry shall continue until the Authority's Engineer has issued the Certificate of Substantial Completion for the Treatment Plant Expansion Project.

7.7. The maximum available EDU's for purchase by East Coventry shall remain at 800 EDU's until the Certificate of Substantial Completion has been issued by the Authority's Engineer for the Treatment Plant Expansion Project.

7.8. Until such time as the Certificate of Substantial Completion of the Treatment Plant Expansion Project has been issued, it is recognized that the capacity for the Authority's treatment plant to accept wastewater from East Coventry Township could be limited by committed EDU's within North Coventry Township and the actual flows recorded at the Authority's wastewater treatment plant. East Coventry releases Authority, and its Board members, from any and all claims, actions, causes of action, of any kind whatsoever, both in law or in equity, that East Coventry now has or may have, should the Authority be unable to accept wastewater flow from East Coventry in accordance with this Agreement because of delays in the completion of the construction of the expansion of the Authority's treatment plant, the certification that the treatment plant has been completed, or because of a prohibition, ban, or restriction from accepting new connections to the Authority's sewer treatment plant imposed by the County of Chester, the Commonwealth of Pennsylvania, the DEP, the Environmental Protection Agency, or any other department or agency of the Commonwealth of Pennsylvania or the United States of America, or any governmental unit, agency, or subdivision thereof, whatsoever. All projections and evaluations shall be performed by the Authority or its Engineer in accordance with Title 25, Chapter 94, of the Pennsylvania Department of Environmental Protection Rules and Regulations in effect at the time the evaluation is performed.

7.9. At any time that the treatment plant, after completion of the Project, is re-permitted at a higher capacity, then the excess of such total actual capacity over the designed and rated capacity shall be allocated Seventy-four and Six-Tenths Per Cent (74.6%) to Authority and Twenty-five and Four-Tenths Per Cent (25.4%) to East Coventry. Likewise, after the completion of the Project, if the total actual treatment plant capacity shall be less than the design or rated capacity of the upgraded treatment plant due to a change in regulations to more stringent effluent standards or to other causes beyond the control of the Authority, then such reduced capacity shall be similarly allocated, Seventy-four and Six-Tenths Per Cent (74.6%) reduction to Authority and Twenty-five and Four-Tenths Per Cent (25.4%) reduction to East Coventry, as a reduction in the respective capacities after the completion of the Project.

ARTICLE VIII

Flow Metering and Wastewater Sampling

8.1. All wastewater flow discharged from one party's system into another party's system shall be metered. Flow meters shall be the continuous measuring type that establishes daily flow measured as gallons per day, that include a totalizer and recording chart and may utilize digital recording of flow data with telemetering.

A. All flow that is pumped or flow that is under pressure in a pipeline shall utilize a magnetic flow meter having a minimum system accuracy at the metering point of plus or minus three per cent of actual flow (metering system includes primary measuring element, transmitter, totalizer, recorder and re-transmitter.)

B. All flow that is not pumped, and is conveyed by gravity, shall utilize an area-velocity flow meter having a minimum system accuracy at the metering point of plus or minus five per cent of actual flow (metering system includes primary measuring element, transmitter, totalizer, recorder and re-transmitter). In addition to the area-velocity flow meter, the installation shall include a standard flume (Palmer Bowlus, Parshall or other non-clog design) which shall be used as a calibration standard for the area-velocity flow meter.

Flow meter system accuracy shall be determined as the square root of the sum of the squares of the accuracy statement of each individual component of the system. All flow meter installations shall be installed in accordance with the manufacturer's recommendations and good design practice. Based on the type of meter installation, these recommendations may include requirements for smooth, tranquil upstream flow conditions, smooth, level flow through flumes, free discharge from flumes, minimum length of straight pipe upstream of the primary measuring device, NEMA 4X classification, and corrosion resistance. Flow meter requirements are subject to change to incorporate future improvements in technology and the most recent specifications from the manufacturer.

Flow Metering of East Coventry Flows Discharged Into Authority System

8.2. The East Coventry sewer service area, under consideration in this Agreement, is proposed to be connected to the Authority's wastewater facilities at only one location. That location is at the Authority's wastewater treatment plant. A magnetic flow meter will be installed on the discharge pipe from the East Coventry's collection system, where the pipe enters the wastewater treatment plant. The magnetic flow meter will include a totalizer, recording chart, and meter bypass for maintenance of the meter. The cost of the flow meter is included in the cost for the Treatment Plant Expansion Project.

8.3. Upon completion of construction, the Authority will own any flow meters that measure flow from East Coventry into the Authority system. The Authority shall be responsible to schedule with the meter manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification shall be sent to East Coventry. East Coventry may contest the meter calibration certification report within thirty (30) days of receipt of the meter calibration report. If the meter calibration certification report is not contested within the thirty (30) days, the report shall be deemed accepted, and not subject to further dispute.

8.4. The flow meter shall be owned by the Authority, and the Authority shall be responsible for the operation, maintenance, and replacement of the flow meter. Where clearly identifiable, the costs of operation, maintenance and replacement of the flow meter will be invoiced to East Coventry. Certain costs that are common for all equipment/instruments at the plant, like electric, which is not easily definable for the specific flow meter, will be included in the overall operation and maintenance costs of the treatment plant, which costs will be shared by East Coventry and Authority in accordance with this Agreement.

8.5. In the event the flow meter is out of service, an estimate of flow will be performed by the Authority based on flow records of the recent past. The estimate will incorporate sound engineering principles, and be adjusted as necessary to account for any unique circumstances. Unique circumstances that would require an adjustment to historical flow records, would include items like extreme wet weather events (hurricane, flood), the recent addition of a large number of connections in East Coventry that would not be reflected in the historical flow records, or other circumstances. If the East Coventry sewer service area is serviced by a water system, water meter readings may be utilized to perform the estimate. The Authority will provide an explanation and calculations for any estimated flows.

8.6. East Coventry connections to the Authority's system at additional point(s) other than contemplated in Section 8.2 can only be made upon approval of the Authority. A flow meter will be required at each point(s) of connection. The flow meter shall be similar in all respects to the meter described above. Design and specifications for additional flow meters shall be submitted to the Authority for review and approval. The costs for flow meters at additional connection points than that described in Section 8.2 shall be paid entirely by East Coventry. Once construction is certified to be complete by the Engineer for East Coventry, and the meter is

installed, calibrated, and certified, the Authority will assume responsibility thereafter for calibration and any future maintenance or replacement. The actual costs of calibration, operation, maintenance and replacement of the flow meter will be included in the operating and maintenance costs of the treatment plant to be shared by East Coventry and Authority in accordance with this Agreement.

8.7. If wastewater flows are insufficient at future points of connection to provide an accurate measurement by a flow meter, the amount of flow shall be determined by the Authority. First, the Authority will determine the number of EDU's connected in the non-metered sewer service area of East Coventry. The number of EDU's will be based on the Authority's adopted "Schedule of EDU's for Type of Use". Next, the number of EDU's will then be multiplied by the Authority's then prevailing unit rate of flow for an EDU (currently, the Authority has established 300 gallons per day as the equivalent flow for each residential unit or for each EDU). The resultant product will be the calculated average daily wastewater flow from the non-metered sewer service area in East Coventry.

The calculated average daily wastewater flow will then be multiplied by the number of days in that month to determine the total flow that month from the non-metered sewer service area, which will then be added to the metered flow from the East Coventry collection system to determine the total flow from the East Coventry collection system that is discharged into the Authority's wastewater facilities. This value for total flow will be used in Article 10 to calculate the charges for treatment of East Coventry wastewater.

The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. After completion of the Expansion Project, East Coventry may request the use of a different value, and the Authority will consider the request. Any request to use a different value should include documentation that incorporates sound engineering principles. An example method to calculate the gallons per day for an EDU would be to divide the total recorded daily flow through an individual collection system flow meter by the number of residential units of the same or similar type connected to and flowing through that individual flow meter.

8.8. Samples of wastewater discharged by East Coventry to the Authority's wastewater facilities may be sampled and analyzed by the Authority on a random basis to insure compliance with the terms of this Agreement. However, compliance with the allowable discharge criteria shall be the responsibility of East Coventry. The costs of sampling and laboratory analysis will be included in the operation costs of the treatment plant.

Flow Metering of Authority Flows Discharged into the East Coventry Collection System

8.9. There is no sewer service area in North Coventry under consideration at this time that is proposed to be connected to any East Coventry collection system. If, however, at some future time, due to topography, cost effectiveness, etc., a sewer service area from North Coventry is connected to an East Coventry collection system, all wastewater flow discharged from North

Coventry into the East Coventry collection system shall be metered. Meter requirements shall comply with Section 8.1.

8.10. Upon completion of construction, East Coventry will own any flow meters that measure flow from Authority into the East Coventry system. East Coventry shall be responsible to schedule with the meter manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification shall be sent to Authority. The Authority may contest the meter calibration certification report within thirty (30) days of receipt of the meter calibration report. If the meter calibration certification report is not contested within the thirty (30) days, the report shall be deemed accepted, and not subject to further dispute.

8.11. The flow meter shall be owned by East Coventry, and East Coventry shall be responsible for the operation, maintenance, and replacement of the flow meter. The actual costs of operation, maintenance, and replacement of the flow meter shall be the responsibility of the Authority and invoiced in arrears quarterly by East Coventry.

8.12. In the event the flow meter is out of service, an estimate of flow will be performed by East Coventry based on flow records of the recent past. The estimate will incorporate sound engineering principles, and be adjusted as necessary to account for any unique circumstances. Unique circumstances that would require an adjustment to historical flow records would include items like extreme wet weather events (hurricane, flood), the recent addition of a large number of connections in North Coventry that would not be reflected in the historical flow records, or other circumstances. If the Authority sewer service area is serviced by a water system, water meter readings may be utilized to perform the estimate. East Coventry will provide an explanation and calculations for any estimated flows.

8.13. Authority connections to the East Coventry system can only be made upon approval of East Coventry. A flow meter will be required at each point(s) of connection. The flow meter shall be similar in all respects to the meter described in Section 8.1. Design and specifications for flow meters shall be submitted to East Coventry for review and approval. The costs for flow meters shall be paid entirely by Authority. Once construction is certified to be complete by the Engineer for Authority and the meter is installed, calibrated and certified, East Coventry will assume responsibility thereafter for calibration and any future maintenance or replacement. The actual costs of calibration, operation, maintenance, and replacement of the flow meter will be the responsibility of Authority and invoiced in arrears quarterly by East Coventry.

8.14. If wastewater flows are insufficient at future points of connection to provide an accurate measurement by a flow meter, the amount of flow shall be determined by East Coventry. First, East Coventry will determine the number of EDU's connected in the non-metered sewer service area of Authority. The number of EDU's will be based on the Authority's adopted "Schedule of EDU's for Type of Use". Next, the number of EDU's will then be multiplied by the Authority's then prevailing unit rate of flow for an EDU (currently, the

Authority has established 300 gallons per day as the equivalent flow for each residential unit or for each EDU). The resultant product will be the calculated average daily wastewater flow from the non-metered sewer service area in North Coventry.

The calculated average daily wastewater flow will then be multiplied by the number of days in that month to determine the total flow that month from the non-metered sewer service area, which will then be added to the metered flow from the Authority's collection system to determine the total flow from the Authority's collection system that is discharged into the East Coventry collection facilities. This value for total flow will be deducted from East Coventry total wastewater flow used in Article 10 to calculate the charges for treatment of East Coventry wastewater.

The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. If, in the future, connections from an Authority sewer service area are connected to the East Coventry collection system, the Authority may request the use of a different value, and East Coventry will consider the request. Any request to use a different value should include documentation that incorporates sound engineering principles. An example method to calculate the gallons per day for an EDU would be to divide the total recorded daily flow through an individual collection system flow meter by the number of residential units of the same or similar type connected to and flowing through that individual flow meter.

8.15. Samples of wastewater discharged by Authority to the East Coventry collection system may be sampled and analyzed by East Coventry on a random basis to insure compliance with the terms of this Agreement. However, compliance with the allowable discharge criteria shall be the responsibility of Authority. The costs of sampling and laboratory analysis will be the responsibility of the Authority if the Authority is not in compliance with the standards contained in this Agreement. If the Authority is in compliance with the standards in this Agreement, then the costs shall be borne by East Coventry.

ARTICLE IX

Flow Allocation and Allowable Strength of Wastewater

9.1. Upon completion of the Treatment Plant Expansion Project and issuance of a Certificate of Substantial Completion by the Authority's Engineer, the Authority will allocate 510,000 gallons per day (gpd) of wastewater treatment capacity to East Coventry. East Coventry agrees that its flow is limited to specific Discharge Criteria, both flow and qualitative, as defined in Exhibit "D", attached hereto and made a part hereof. Further, East Coventry agrees that it will not discharge any Prohibited Wastes as defined in Exhibit "E", attached hereto and made a part hereof.

9.2. The allocation of 510,000 gpd is subject to regulatory action and acts of nature, and therefore shall not be construed to be an absolute value. Changes in the discharge criteria of the treatment plant, or changes in the definition of standard strength domestic wastewater by DEP or other regulatory agencies, may result in a lesser allocation. Acts of nature, beyond the control of the Authority, including hurricanes, floods, tornadoes, etc., may temporarily delay East Coventry's full use of the allocated capacity.

9.3. Compliance with all Discharge Criteria as stated in Exhibit "D" shall be the sole responsibility of East Coventry. On a monthly basis, the Authority will share flow metering data, and will share the results of any periodic sampling that is conducted. It is not anticipated that the Authority would initiate a sampling of flow from East Coventry at the early stages when there will be limited initial flow from East Coventry unless the Authority's plant is not meeting the criteria under the Authority's permit or an unusual occurrence is noted at the Authority's treatment plant.

9.4. The Authority will notify East Coventry, in writing, when the flow from East Coventry is measured at 80% of its Annual Average Daily Flow as shown on Exhibit "D". Upon notification, East Coventry shall implement a Wasteload Management Program to monitor and, if necessary, restrict additional connections to its system in order to meet East Coventry's responsibility that the Flow Criteria listed in Exhibit "D" are not exceeded. The Authority will provide similar notice to East Coventry when the flow from East Coventry is measured at 80% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit "D". Upon notification, East Coventry agrees to investigate and, thereafter, report to the Authority, within ninety (90) days of the date of the Authority's notice, East Coventry's plan to manage/reduce flows in order to not exceed the Flow Criteria.

9.5. The Authority will notify East Coventry, in writing, when the flow from East Coventry is measured at 90% of its Annual Average Daily Flow as shown on Exhibit "D". To prevent an overload and/or permit violation to the treatment plant, East Coventry shall thereafter consult with the Authority before issuing any building permits which would provide for connections of Improved Properties to the East Coventry wastewater collection system. The Authority will provide similar notice to East Coventry when the flow from East Coventry is measured at 90% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit "D". Upon notification, East Coventry agrees to investigate and, thereafter, report to the Authority, within ninety (90) days of the date of the Authority's notice, East Coventry's written plan to manage/reduce flows in order to not exceed the Flow Criteria. The written plan shall include, but not be limited to, a description of the proposed methods to reduce flows, a schedule to limit new connections and/or a commitment to plan for, and fund additional treatment capacity. The Authority shall review East Coventry's plan and may make suggestions concerning the plan. The Authority's review shall be to determine if the plan is reasonable, incorporates proven methods to manage/reduce flows and is implementable. The Authority will notify East Coventry, in writing, when the plan is acceptable. East Coventry agrees to consider suggestions from the Authority.

If, at any time after the ninety (90) day investigation period, East Coventry's flows exceed 95% of the allowable flows due to infiltration and/or inflow problems, East Coventry agrees that it will not issue any building permits for uses on Improved Properties which would be connected to the East Coventry wastewater collection system, unless approval for the connection is made in advance by the Authority.

9.6. The Authority will notify East Coventry, in writing, if the monthly flow from East Coventry exceeds the maximum monthly average flow and/or exceeds the annual average daily flow, as shown on Exhibit "D", for a period of ninety (90) consecutive days.

A. Upon notification of exceeding any of the Flow Criteria in Exhibit "D", East Coventry agrees to:

(1) Stop issuing any further building permits for uses which would connect to the East Coventry wastewater collection system, and

(2) Investigate and thereafter submit to the Authority, within one hundred twenty (120) days of the date of the Authority's notice, an Overload Remediation Plan to manage/reduce flows in order to maintain compliance with the Flow Criteria. Said Overload Remediation Plan shall include an implementation schedule showing the dates on which each step of the plan will be undertaken. Activities include, but may not be limited to, planning, design, financing, and construction, as may be necessary to provide the required capacities and/or eliminate the excess flows.

The Plan shall be reviewed by the Authority, and if deemed acceptable, a limited number of connections may be allocated to East Coventry during the implementation of the Overload Remediation Plan.

B. If, upon completion of the Overload Remediation Plan, East Coventry is able to demonstrate a reduction of flows, then restrictions/prohibitions to further building permits and connections, that were temporarily instituted by East Coventry, may be removed.

C. If, upon the completion of the implementation of the Overload Remediation Plan, East Coventry is not able to demonstrate a reduction of flows, then further connections to the East Coventry system shall be prohibited until such time as additional treatment capacity has been made available at the plant and provisions have been made to increase the flow allocation to East Coventry.

D. If, ninety (90) days after notification, the East Coventry monthly flow exceeds the Flow Criteria stated in Exhibit "D", Subsection I, East Coventry agrees to pay Authority a surcharge on the excess flow above the allowable flow. The surcharge for flow in excess of the allowable flow shall be calculated at the rate of Two Hundred Per Cent (200%), multiplied by the cost of treatment per gallon of wastewater during the month, multiplied by the number of gallons from East Coventry that are in excess of the Maximum Monthly Average Flow. If the

Authority determines that East Coventry is not making a good faith effort to reduce the excess flows, at the end of the calendar year, a similar Two Hundred Per Cent (200%) surcharge is to be paid by East Coventry if the Annual Average Daily Flow from East Coventry exceeds the flow criteria.

E. East Coventry agrees to pay any fines that are imposed by DEP or any other governmental agency due to violations at the treatment plant that are attributable to East Coventry's exceeding the Flow Criteria.

F. In addition to the penalty provisions of this Article, if, at any time, the flow from East Coventry's wastewater collection system exceeds the Flow Criteria, Authority, to the extent permitted by law, may pursue any one or more of the following additional remedies:

- (1) Require East Coventry to purchase reserve capacity, if the Authority determines that such capacity exists, and the Authority is willing to sell such capacity, with the price being established by the Authority;
- (2) Pursue an injunction or any other equitable remedy in any Court or agency of competent jurisdiction;
- (3) Pursue damages or any other legal remedy in any Court of competent jurisdiction; or
- (4) Pursue any other remedy or administrative order available at law, in equity, or administrative proceeding or otherwise.

9.7. The Authority will advise East Coventry, in writing, if the Authority's random sampling of the discharge from East Coventry does not comply with the Qualitative Criteria on Exhibit "D", or if the discharge contains any Prohibited Waste listed on Exhibit "E". Upon notification, East Coventry shall identify and eliminate the source of the Prohibited Waste.

A. The Authority will impose a surcharge for any non-conforming wastewater discharged from East Coventry to the Authority's system. The surcharge will be based on a composite flow proportioned sample taken at the point of connection to the Authority's system.

The surcharge will be calculated based upon the following formula:

$$\% \text{ Surcharge} = 0.5(\text{BOD}_5 - 204) + 0.4(\text{TSS} - 240) + 0.05(\text{NH}_3\text{-N} - 30) + .05 (\text{P} - 10)$$

The cost of treatment per gallon is multiplied by the percent surcharge for nonconforming wastewater, and the resultant product is then added to the cost of treatment per gallon of wastewater to determine the Total cost of treatment per gallon. The Total cost of treatment per gallon will be multiplied by the total gallons recorded (and/or calculated), as discharged from East Coventry to Authority during that billing period, and then multiplied by the

number of days in the billing period to determine the total treatment charge for East Coventry wastewater.

Notes:

1. When a value of BOD, TSS, NH_3N , and (or) P is less than the maximum allowable concentrations set forth in the formula, then the maximum allowable value shall be used.
2. The concentrations used in the formula shall be the mean values for any samples analyzed for that period.
3. All sample values are in mg/l.

Payment of the surcharge shall not be deemed as acceptance of a non-conforming waste by the Authority. In addition to the payment of the surcharge, East Coventry agrees that if repeated assessments of the surcharge occur, the Authority may (a) require pre-treatment of the offending wastewater by East Coventry, (b) compel East Coventry to terminate the particular discharger(s) responsible for the non-conforming waste from discharging into the East Coventry system, or (c) if this discharger cannot be identified by East Coventry, require East Coventry to refuse further connections to the East Coventry collection system, all in order to prevent discharges deemed harmful or to have a deleterious effect upon the treatment plant or receiving stream.

B. The surcharge formula specified in 9.7A applies to non-conforming waste that exceeds normal strength sanitary sewage. East Coventry further agrees to pay any charges for any other non-conforming waste that contains any one or more of the prohibited substances listed in Exhibit "E" which can be shown as being directly attributable to East Coventry wastewater passing through one of the East Coventry connection points. Additional charges may include fines, repairs to the treatment process, additional laboratory expenses, additional sludge disposal expenses, legal expenses, engineering expenses, etc.

9.8. The discharge of any industrial wastewater into the Authority's sanitary sewer system, pump stations or treatment plant is prohibited, except as provided for below in this Section. Industrial wastes are typically more concentrated in nature, and contain toxins that are not amenable to biological treatment and/or may inhibit the normal biological process. East Coventry agrees to prohibit the discharge into the East Coventry collection system of all industrial wastewaters, unless written approval for such discharge is obtained from the Authority, and East Coventry adopts pretreatment standards in compliance and with approval of EPA, DEP, the Authority, and other appropriate agencies. East Coventry agrees that if any form of industrial wastewaters are accepted in the future by the Authority, East Coventry will pay all the costs for additional sampling, treatment, and administrative charges for monitoring and processing of any industrial wastewaters discharged to East Coventry's collection system.

9.9. Private or Bulk Dumping Prohibited. East Coventry agrees that it shall not permit the dumping of bulk wastewater, septage, sludge, or other wastes into its wastewater collection system by private haulers or other persons engaged in the business of transporting wastewater, septage, sludge, or other wastes.

ARTICLE X

Charges for Treatment of East Coventry Wastewater

10.1. Upon completion of the Treatment Plant Expansion Project and issuance of a Certificate of Substantial Completion by the Authority's Engineer, East Coventry and the Authority will share the annual operating costs for the wastewater treatment plant in proportion to the volume of wastewater discharged by each party into the wastewater treatment plant. Monthly billings to East Coventry based upon proportionate flow shall commence on the next full month after the Certificate of Substantial Completion is issued.

10.2. The Authority will separate its operating costs between treatment plant costs and collection system costs.

10.3. This Agreement envisions East Coventry connecting and discharging directly at the treatment plant and not utilizing any portion of the Authority's collection system. Under this concept, only East Coventry's proportionate share of the operating costs for the treatment plant would be assessed to East Coventry. If, however, East Coventry connects to the Authority's collection system at some future time, charges for use of the Authority's collection system may be applied, and East Coventry agrees to pay the charges.

10.4. The Authority's fiscal year is from February 1 to January 31. On an annual basis, the Authority will prepare an Estimate for the Operation Costs for the wastewater treatment plant for the upcoming year. The Estimate of Operation Costs will be forwarded to East Coventry. Based on the Estimate, and the anticipated connections to the East Coventry collection system during the upcoming year, East Coventry can establish an estimated user charge for its connections. East Coventry shall receive the Estimate for Operating Costs on or before February 28 of each year. On or before November 1 of each year, the Authority shall provide East Coventry with a Preliminary Estimate of Operating Costs based upon information then available, for East Coventry's use in preparing its budget in accordance with the Township Code.

10.5. On a monthly basis, the Authority will review the flow meter records, and calculate East Coventry's percentage share of the total flow recorded at the treatment plant. East Coventry's percentage share will be multiplied by one-twelfth (1/12) of the Estimate of Annual Operation Costs for the wastewater treatment plant. The product of this multiplication will be the estimated monthly charge for treatment of East Coventry wastewater.

10.6. Based on the resultant charge in Section 10.5, the Authority will invoice East Coventry fifteen (15) days after the close of each month, an estimated monthly treatment charge, for treatment services provided during the previous month. The minimum monthly payment of Three Thousand One Hundred Twenty-five Dollars (\$3,125.00), as provided in Section 10.9C, shall be applied.

10.7. Payment for wastewater treatment services, surcharges for flows which exceed the Discharge Criteria, and any other invoice sent in accordance with this Agreement shall be made by East Coventry within forty-five (45) days of the date of the Authority's invoice. If payment is not made by East Coventry within forty-five (45) days of the date of the invoice, East Coventry agrees to pay to the Authority interest on the unpaid amount at the rate of Six Per Cent (6%) per annum, beginning forty-five (45) days after the date of the invoice and until full payment is made.

10.8. At the end of the Authority's fiscal year, an audit of the operation and maintenance costs will be performed by an independent certified public accountant. The operating and maintenance costs will be reduced by any operating grants received by the Authority. Based upon the audit of the previous year's operating costs for the wastewater treatment plant, and based on the total flows recorded as discharged from each party, a reconciliation calculation will be performed to determine if there was any underpayment or overpayment on the amount due from East Coventry, based on the actual operating expenses. East Coventry will be invoiced for any underpayments, and the payment of the invoice shall be due within forty-five (45) days of the date of the invoice. East Coventry shall pay interest at the rate of Six Per Cent (6%) per annum after forty-five (45) days and until the invoice is paid. Overpayments will be applied to future invoices.

10.9. A listing of the items that are typically included in the operating cost of the wastewater treatment plant are included in Exhibit "F". A copy of the Current Annual Budget for the Authority is attached as Exhibit "G", and a copy of each year's operating budget shall be forwarded to East Coventry within thirty (30) days of the Authority's adoption of the budget.

A. The listing of items is not fixed, and items may be added or deleted as circumstances dictate.

B. The parties acknowledge that not all costs for the operation of the treatment plant can be readily segregated, so, to simplify the calculations for cost sharing, the following items and related percentages are adopted:

<u>Item</u>	<u>Portion Allocable to Treatment Plant</u>
(1) Routine engineering services to Authority	50%
(2) Routine legal services to Authority	50%

(3) Wages, taxes, benefits paid to Authority operating personnel	80%
(4) Wages, taxes, benefits paid to Authority administrative personnel	50%
(5) Administrative expenses	50%
(6) General Insurance (not specific to plant)	80%

C. The parties acknowledge that in the initial period after the Treatment Plant Expansion Project is completed, East Coventry may only have a small number of connections discharging to the treatment plant. The proportioning of operating costs based only on the East Coventry share of total plant flow would create a disproportionate burden on the Authority. Certain expenses will be incurred by the Authority regardless of the amount of wastewater discharged by East Coventry. These "fixed" expenses will increase with the completion of the Treatment Plant Expansion Project and will increase with the additional treatment facilities required to be maintained and available for service.

After East Coventry becomes a bulk user, invoices will be sent to East Coventry on a monthly basis. East Coventry agrees to pay to the Authority each month (a) East Coventry's proportionate share of the operating costs of the treatment plant, based upon flow, or (b) a minimum monthly payment of Three Thousand One Hundred Twenty-five Dollars (\$3,125.00), whichever is greater.

D. The Authority's budget for the current fiscal year is attached to this Agreement.

10.10. In the event of a dispute regarding treatment charges, East Coventry shall provide written objection to the Authority. The parties agree to review the calculations and attempt to resolve the dispute. Unresolved issues shall be settled in accordance with Article XVI. East Coventry shall continue to make full payment for each invoice until such time as the dispute is resolved. In the event East Coventry is correct in its assessment of treatment charges, all overpayments shall be subject to simple interest at the rate of Six Per Cent (6%) per annum, beginning from the date when the overpayment was received by the Authority.

ARTICLE XI

Covenants of the Parties

11.1. Covenants of both East Coventry and Authority: East Coventry and Authority covenant and agree with the other that each will, at all times:

A. Maintain its wastewater system in good repair, working order, and condition.

B. Continuously operate its wastewater system, subject to "force majeure" or all orders, directives, and regulations of the Chester County Health Department, DEP, the

Environmental Protection Agency, and any existing or successor agencies with authority to regulate and control the operations of the respective wastewater systems.

C. From time to time, make all necessary repairs, renewals, and replacements thereof, and all improvements thereto in order to maintain adequate service.

D. Make available at all reasonable times to the other parties or their agents, servants, employees, and representatives access to all records insofar as the same relate to matters covered in this Agreement. Each party also agrees that the other parties, their agents, servants, employees, and representatives shall have access to the physical facilities of the other parties hereto at reasonable times in order to assure compliance with the terms and provisions of this Agreement.

11.2. Covenants of Authority: In addition to the covenants under Section 12.1, Authority covenants and agrees that it will, at all times:

A. Operate and maintain the wastewater treatment plant and make such alterations, repairs, replacements, renewals, and improvements thereto, and to keep the equipment and facilities therein as may be necessary to keep the treatment plant in good repair and efficient operating condition and to meet the standards prescribed by the DEP, United States Environmental Protection Agency, and any other state or Federal governmental authority having jurisdiction thereof. Operation of the plant shall be under the supervision of a treatment plant operator(s) certified by the Commonwealth of Pennsylvania.

B. At all times during the term of this Agreement, for the purpose of performing and carrying out the duties imposed upon the Authority's Engineer by this Agreement, employ as consulting engineers, an independent agency or firm or an independent professional engineer having a favorable reputation for skill and experience in the construction and operation of sewer systems and registered in the Commonwealth of Pennsylvania. The Authority's Engineer shall make and file annually with East Coventry a written report upon the treatment plant and the operation thereof during the prior fiscal year, setting forth its recommendations for the ensuing year and an Estimate of Operating Costs for the treatment plant for the ensuing year. In addition, the Engineer shall provide a copy of the Authority's Chapter 94 Annual Wasteload Management Report to East Coventry by March 31. Until notice to the contrary, the Authority's Engineer shall be Spotts, Stevens and McCoy, Inc., of Reading, Pennsylvania.

C. Maintain proper books of account and records relating to the operation of the treatment plant and employ an independent Certified Public Accountant or firm of accountants registered in the Commonwealth of Pennsylvania to perform the functions and duties required by this Agreement. Such accountant(s) will furnish to Authority and East Coventry, not more than one hundred eighty (180) days after the close of the Authority's fiscal year, a statement and report showing the Net Operating Costs of the treatment plant and the proper allocation thereof between the parties and any capital costs incurred and the proper sharing of those costs.

D. Construct all new manholes, pumping stations, and other facilities of the Authority's system in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover, no through pick holes) watertight covers.

11.3. East Coventry covenants and agrees that East Coventry will, at all times:

A. Charge to its customers sewer rates and charges which will provide receipts of revenues sufficient, together with other funds available, to make all payments required to be made by East Coventry under the provisions in this Agreement.

B. Adopt and enforce Ordinances, Resolutions, Rules, Regulations, and Permits governing wastewater connections and the admission of wastewater into the East Coventry collection system, which Ordinances, Resolutions, Rules, Regulations, and Permits shall be at least as stringent as existing and future Ordinances, Resolutions, Rules, Regulations, and Permits of North Coventry and the Authority. Copies of all such Ordinances, Resolutions, Rules, Regulations, and Permits shall be supplied to Authority within ninety (90) days after enactment by East Coventry of an Ordinance or Regulation.

C. Construct all manholes, pumping stations, and other facilities of the East Coventry collection system in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover; no through pick holes) watertight covers.

D. Adopt, by Ordinance, recognized plumbing standards at least as stringent as those adopted by North Coventry, the standards of BOCA Plumbing Code, and develop certain standards for the installation of "grease interceptors and oil separators".

E. Require each non-residential establishment to meter its water consumption as of the date that such user connects to the East Coventry collection system.

F. Provide to Authority by January 31 of each year information as required by Authority to facilitate preparation of the Authority's Chapter 94 Annual Wasteload Management Report.

ARTICLE XII

As-Built Drawings

12.1. Upon completion of the East Coventry collection system, East Coventry shall provide, without cost to Authority, one complete set of reproducible as-built drawings of the East Coventry collection system, for the use of Authority, showing complete information as to location, grade and depth of lines, location of manholes, design and location of pump stations, and, also, specifications and technical documents for all equipment installed as a part of the same, and other similar relevant information.

East Coventry agrees to provide the above information for any later expansions of the East Coventry collection system, within ninety (90) days of the completion of the expansion.

ARTICLE XIII

Future Plant Expansion Costs and Capacity

13.1. Future Plant Expansion – Single Party Cause. The parties agree that the total Project costs of any expansion, renovation, revision, or improvement to the Authority's wastewater treatment plant performed, to provide additional treatment capacity for one party, shall be borne solely by said party.

13.2. Future Plant Expansion – Overall Plant Upgrade. If additional treatment capacity is provided for both East Coventry and Authority, the costs of said future project shall be reviewed by the parties and shared pro rata, based on the proportional additional capacity assigned to each party.

13.3. Future Plant Expansion Resulting from Meeting Regulatory Requirements – Single Party Cause. Authority and East Coventry agree that if the total project costs for future expansion, renovation, revision, or improvement of the Authority's wastewater treatment plant are performed to upgrade the treatment facility to enable it to meet more stringent effluent standards required of one party's influent stream, then those costs are borne solely by that party.

13.4. Future Plant Expansion Resulting from Meeting Regulatory Requirements – Both Parties. The total project costs for future expansion, renovation, revision, or improvement of the Authority's wastewater treatment plant performed to upgrade the treatment facility to enable it to meet more stringent effluent standards and/or to provide for capital improvements or extraordinary repairs which will not increase the total treatment plant capacity shall be shared by Authority and East Coventry, pro rata, based on the proportional capacity assigned to each of these parties.

13.5. Future Plant Expansion Due to Third Parties Contributing to the System.

Notwithstanding anything contained herein to the contrary, Authority agrees that the cost of any expansion, renovation, revision, or improvement to Authority's wastewater treatment plant required as the result of any contributing party other than East Coventry shall not be passed through, charged, or paid in part by East Coventry.

ARTICLE XIV

Indemnifications

14.1. Should any waste, substance, material, or gas be deposited or discharged into the East Coventry wastewater system and be released into and/or treated or discharged at the Authority's wastewater treatment plant, resulting in Authority being charged with a violation of the Clean Streams Law, the terms, criteria, and conditions of the Authority's Operating Permit, and/or any other statute, administrative regulation, Ordinance, Code, or Order, East Coventry shall indemnify and save Authority harmless from any and all costs, expenses, and fines incurred and resulting therefrom, including any and all legal and administrative expenses incurred in defense of such action.

14.2. East Coventry shall be financially responsible for all losses incurred by Authority as a result of East Coventry's exceeding of the Discharge Criteria contained in this Agreement, and East Coventry does hereby further indemnify and hold harmless Authority against any and all costs, expense, loss, damage, financial liability, fines, and penalties, including any and all legal and administrative expenses incurred by Authority in regard thereto, that may be incurred by or imposed upon Authority by DEP, EPA, or any other regulatory body with jurisdiction thereof, resulting in whole or in part by reason of wastewater being discharged from East Coventry into the Authority's treatment facilities in violation of any of the Discharge Criteria of this Agreement or any other terms, conditions, or limits set forth in this Agreement.

14.3. East Coventry agrees to indemnify and save harmless the Authority against all costs, losses, or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of East Coventry or its agents or employees.

14.4. Authority agrees to indemnify and save harmless East Coventry against all costs, losses, or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of Authority or its agents or employees.

ARTICLE XV

Disputes and Arbitration

15.1. In addition to any action that may be brought at law or in equity in a Court of competent jurisdiction, the parties hereto agree that if, at any time, a dispute shall arise between them concerning factual determinations under the terms of this Agreement, the matter of dispute may, by consent of both parties, be:

A. Referred to three (3) independent registered consulting engineers registered in the State of Pennsylvania, one to be appointed by Authority, one to be appointed by East Coventry, and one to be appointed by the two appointees so selected.

B. Provided, however, that in the event such appointees cannot agree on the third arbitrator, the President Judge of the Court of Common Pleas of Chester County, Pennsylvania, shall, upon petition of both parties, appoint the third arbitrator.

C. If the parties have mutually agreed to submit a matter to arbitration, the Decision or Award of the majority of such arbitrators shall be final and binding upon the parties hereto, and their respective successors and assigns. East Coventry and Authority shall each pay the costs of its own appointee and one-half of the costs of the third arbitrator.

ARTICLE XVI

Term of Agreement; Amendments

16.1. Term of this Agreement. This Agreement shall be effective from the date of signing by all parties until terminated by mutual written consent of North Coventry, Authority, and East Coventry.

16.2. Amendment. This Agreement may be amended from time to time by written consent of the parties to this Agreement.

ARTICLE XVII

Miscellaneous

17.1. Insurance, Repairs, and Reconstruction. The Authority will insure, or cause to be insured, the Authority's wastewater treatment plant with a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth and as approved

by the Authority's Engineer. The Authority does not currently maintain flood insurance; and, nothing in this Agreement is to be interpreted as requiring the Authority to carry flood insurance on its wastewater treatment plant. Immediately upon the occurrence of any loss or damage to any part of said Authority's wastewater treatment plant which is covered by insurance, the Authority will commence and promptly complete, or cause to be so commenced and promptly completed, the repairing, replacement, or reconstruction of the damaged or destroyed property according to plans and specifications prepared by the Authority's Engineer and shall collect and apply, or cause to be applied, the proceeds of such insurance to the cost of such repair, replacement, or reconstruction.

17.2. Inspection. Each party to this Agreement shall provide the others, from time to time, all information relevant and appropriate to the proper administration of their respective responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as, may be reasonably requested, and each shall, at all reasonable times and from time to time, permit their representatives to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

17.3. Force Majeure. Notwithstanding any other provision of this Agreement, no party to this Agreement shall be responsible in damages to any other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, acts of terrorists, breakdown of the Authority's wastewater treatment plant, or of any party's collection system, 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 to the extent provided elsewhere herein.

17.4. Severability. Should any provision hereof for any reason be held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

17.5. Headings. The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision hereof.

17.6. Effective Date. This Agreement shall become effective as of the date of execution and delivery hereof by the parties hereto.

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

17.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

17.9. Successors and Assigns. East Coventry may not voluntarily assign this Agreement without the consent of the Authority, except to a municipality authority incorporated by East Coventry, pursuant to applicable law. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

17.10. Supersedes Prior Agreements. This Agreement supersedes and repeals any prior agreement, contracts, and understandings, written or oral, by or among the parties hereto with respect to the subject matter contained herein. This Agreement contains the entire agreement among the parties hereto, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect.

17.11. Modification. This Agreement may not be modified or amended except in a writing signed by the parties hereto.

17.12. Pennsylvania Law. This Agreement shall be construed according to, be subject to, and be governed by the laws of the Commonwealth of Pennsylvania.

ARTICLE XVIII

List of Exhibits

Exhibit "A" – Construction Cost Opinion for proposed treatment facilities, last revised 12-3-01.

Exhibit "B" – Wastewater Treatment Plant Expansion to 2.01 MGD, by Spotts, Stevens and McCoy, Inc., last revised 7-23-03.

Exhibit "C" – East Coventry Sewer Service Planning Areas, dated 10-20-99, last revised 2-4-03.

Exhibit "D" – Discharge Criteria (both flow and qualitative), 2 pages, last revised 1-14-03.

Exhibit "E" – Prohibited Wastes, 7 pages, last revised 1-14-03.

Exhibit "F" – Line Items Included in the Operating Cost for the Wastewater Treatment Plant, 3 pages, last revised 1-28-03.

Exhibit "G" – Current Annual Budget for Authority's fiscal year 2003-2004, 2 pages.

Exhibit "H" – Estimate of Cost of Existing Treatment Facilities, 4 pages, last revised 9-4-02.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized appropriate officers and their respective seals to be affixed hereto, all as of the day and year first above written.

NORTH COVENTRY MUNICIPAL AUTHORITY

By: Alain H. Floquet Chairman

Attest: [Signature] Secretary

TOWNSHIP OF NORTH COVENTRY

By: William R. Dugdale Chairman

Attest: [Signature] Secretary

TOWNSHIP OF EAST COVENTRY

By: [Signature] Chairman

Attest: [Signature] Secretary

EXHIBIT "A"

NORTH COVENTRY MUNICIPAL AUTHORITY
CONCEPTUAL STUDY - WASTEWATER TREATMENT PLANT EXPANSION TO 2.01 MGD

COST OPINION FOR MAJOR PROCESS UNITS

*Revised 12-3-01

<u>Item</u>	<u>Description</u>	<u>Construction Sub-Total</u>
1	Relocate raw wastewater discharge piping to screen	\$ 15,000
2	Influent Screen and Structure	\$ 273,000
3	Modifications to Oxidation Ditch	\$ 228,000
4	New Final Clarifier	\$ 384,000
5	Modifications to Flow Division Box	\$ 15,000
6	Modifications to Final Settling Tank	\$ 36,000
7	Outfall Pumps and Piping	\$ 38,000
8	New Aerobic Digesters and Blower Building	\$ 361,000
9	Site Work	\$ 29,000
10	Enclosure for Second Sludge Dumpster	\$ 39,000
11	E. Coventry Force main, Flow meters, Sampler	\$ 37,200
12	Miscellaneous	\$ 20,000
Subtotal, Major Process Units		\$ 1,475,200
Bonds and Insurance (2%)		\$ 29,504
Mobilization, Demobilization (1.5%)		\$ 22,128
General Conditions (4%)		\$ 59,008
Total Opinion of Construction		\$ 1,585,840
Construction Contingency (20%)		\$ 317,160
Non-Construction (budget value only)		\$ 450,000
Total Opinion of Probable Project Cost		\$ 2,353,000

EXHIBIT "D" – DISCHARGE CRITERIA

The Intermunicipal Agreement provides for treatment of wastewater from East Coventry Township based on specific discharge criteria. The criteria are defined on the basis of flow parameters (gallons discharged) and on qualitative parameters (i.e. the strength of the wastewater discharged).

I FLOW CRITERIA

The amount of wastewater treated from East Coventry is measured on a "bulk allocation" basis that is, by total flow received at the North Coventry Municipal Authority wastewater treatment plant, rather than by total connections, EDUs, hook-ups, customer bills, etc. that are in East Coventry.

The allocation of treatment capacity for East Coventry is measured and hereby limited to the following flow criteria:

- | | |
|---|---------------------------|
| 1. Annual Average Daily Flow (AADF) | 510,000 gallons per day. |
| 2. Maximum Monthly Average Flow (AADF x 1.2 =)
Calculated as a calendar month and as a maximum 30 day running average. | 612,000 gallons per day. |
| 3. Maximum Weekly Average Flow (AADF x 1.5 =)
Calculated as a calendar week and as a maximum 7 day running average. | 765,000 gallons per day |
| 4. Maximum Daily Flow (AADF x 2.5 =) | 1,275,000 gallons per day |
| 5. Peak Instantaneous Flow (AADF x 4 =) | 2,040,000 gallons per day |

II QUALITATIVE CRITERIA

The strength or quality of wastewater discharged by East Coventry into the North Coventry Municipal Authority wastewater treatment plant is measured and hereby limited to the following criteria:

A. CONCENTRATIONS

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	204 mg/L	306 mg/L	408 mg/L
Total Suspended Solids	240 mg/L	360 mg/L	480 mg/L
Ammonia as N	30 mg/L	-----	-----
Phosphorous	10 mg/L	-----	-----

B. MASS UNITS

<u>Criteria</u>	<u>Monthly Average</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	868 lbs per day	1302 lbs per day	
Total Suspended Solids	1021 lbs per day	1532 lbs per day	
Ammonia as N	127 lbs per day	-----	-----
Phosphorous	42.5 lbs per day	-----	-----

C. NPDES PERMIT LIMITS

The above criteria are based on the current treatment plant process design, and on the current NPDES discharge permit values. Any future change of criteria as required in future NPDES permits will be applied proportionately to the East Coventry qualitative limits.

D. ANY PROHIBITED WASTE AS DEFINED IN EXHIBIT "E"

END OF SECTION

EXHIBIT "E" - PROHIBITED WASTES

Prohibited wastes include any discharge other than that traditionally defined as Sanitary Sewage, where Sanitary Sewage means the normal water-carried household and toilet wastes from residences, apartments, business buildings, institutions, commercial and industrial (non-process discharges only) establishments or any other improved property.

The Authority reserves the right to refuse permission to connect to the Sewer System, to compel discontinuance of use of the Sewer System, or to compel pretreatment of Industrial Wastes by any establishments, in order to prevent discharges deemed harmful, or deemed to have a deleterious effect upon the Sewer System.

A discharge exceeds normal strength Sanitary Sewage and is a prohibited waste if any one or more of the following criteria enumerated in 1 through 6 (inclusive) are exceeded:

1. Any discharge exceeding normal domestic strength sanitary sewage, as defined by the following criteria:

BOD ₅	204 mg/L
Total Suspended Solids	240 mg/L
Total Dissolved Solids	500 mg/L
Settleable Solids	10 ml/L
COD	500 mg/L
Ammonia-nitrogen	30 mg/L
Organic Nitrogen as N	15 mg/L
Total Kjeldahl Nitrogen	45 mg/L
Phosphorus (as P)	10 mg/L
Alkalinity (as CaCO ₃)	between 50 mg/L and 200 mg/l
pH (standard units)	between 6.5 and 9.0

2. Any discharge containing storm water, surface water, spring water, roof runoff, subsurface drainage, building foundation drainage, cellar drainage, drainage from roof leader connections.
3. The following discharges of any liquid or solid wastes, substances or matter, are prohibited:
 - A. Any discharge having a temperature higher than 140 degrees Fahrenheit, or less than 32 degrees Fahrenheit.
 - B. Any discharge containing more than 100 milligrams per liter of dissolved fat, oil, wax, grease, either vegetable or mineral, or containing any substance which may solidify between 32 and 100 degrees Fahrenheit. Any discharge containing floatable oils, fats or grease.

- C. Any discharge of liquids, solids or gases which by reason of their nature or quantity are, or may be sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the sewer facilities or to the operations of the sewer facilities.

At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system) be more than five percent (5%) nor any single reading over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.

Prohibited materials include, but are not limited to: gasoline, kerosene, naphtha, benzene, toluene, xylene, alcohols, ethers, ketone, aldehydes, peroxides, chlorates, perchlorates, bromate, carbides, hydrides, sulfides, fuel oil, motor oil, paint products, acid or other volatile, explosive or flammable substance which by reason of its nature or quality may cause fire or explosion, or be in any way injurious to persons, to the sanitary sewers or to the wastewater treatment facilities.

- D. Any discharge containing toxic, noxious, poisonous or malodorous solids, liquids or gases, vapors, fumes or substance, which either singly or by interaction with other wastes, is capable of:
- creating a public nuisance or hazard to life;
 - preventing routine entry into sewers for normal maintenance and repair;
 - may cause worker health and safety problems;
 - interfering with any wastewater treatment process;
 - constituting a hazard to humans or animals;
 - causing, alone or in conjunction with other sources, the treatment plant's effluent to fail a Whole Effluent Toxicity test;
 - creating any hazard in the receiving waters or in the wastewater treatment plant.

Toxic wastes shall include but not be limited to wastes containing cyanide, chromium, copper and nickel ions, or any pollutant identified pursuant to Section 307 of the Clean Water Act, as amended 33 U.S.C. 1251, et. seq.

- E. Any discharge containing any garbage from kitchen wastes that has not been properly shredded.

- F. Any discharge, in quantities or of such size capable of causing obstructions in the sewers, pump stations or other interferences with the proper operation of the wastewater treatment facilities, containing, but not limited to:

- animal guts or tissues, paunch manure, butchers, offal, bones, hair, hides or fleshing, entrails.
- antifreeze
- any solids greater than one-half inch in any dimension,
- ashes

- bentonite
- blood or blood components or products
- building materials
- ceramic wastes
- china
- cinders
- detergents, surfactants or other agents in quantities that cause excessive foaming at the wastewater treatment plant
- feathers
- glass, glass grindings or polishing wastes
- grass clippings
- hair
- leather
- lye
- medical wastes
- metal
- mud
- paper dishes, paper cups, paper or cardboard containers,
- petroleum products (including plastics, gasoline, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil)
- plastic
- porcelain
- rags
- rubber
- sand
- sharps (needles, razor blades, syringes, scalpels, etc.),
- shavings
- sludge, screenings or other residues from treatment processes of others
- spent grains
- spent hops
- spent lime
- straw
- stone or marble dust
- tar
- waste paper
- wood
- or any other solids or viscous substances capable of causing obstruction to the flow in sewer system or other interference with the proper operation of the sewer system or wastewater treatment plant.

G. Any discharge containing inert, insoluble solids such as: asphalt, clay, slag, mill scale, or sludges and slurries:

H. Any discharge having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment or personnel.

- I. Any discharge containing total solids of such character and quality that unusual attention or expense is required to handle such materials at the wastewater treatment plant.
- J. Any discharge containing radioactive isotopes.
- K. Any discharge of discolored materials containing true color from any source and of any hue with less than the equivalent luminescence and greater than the equivalent purity of a 250 color unit platinum-cobalt stock standard, as determined by spectrophotometric methods. Equivalent values shall be determined at the dominant wave length of the sample and compared to the values determined at the dominant wavelength of the stock standard.

Any discharge with sufficient color that is not removed by the treatment process that causes the plant effluent to have true color discharge in excess of 100 color units.

Any dye that is non-responsive to removal by alum coagulation to remove suspended or colloidal matter, and/or non-responsive to chlorine bleaching of the dissolved dyes.

- L. Any discharge, that individually or in combinations with other wastes, exerts a chlorine demand in excess of 12 mg/L, at a detention time of 15 minutes, on the effluent of the plant after biological treatment and prior to disinfection.
- M. Any discharge which will cause the wastewater treatment plant to violate its NPDES and /or Water Management Permit, or violate the water quality standards for the receiving stream. Any discharge containing wastes which are not amenable to biological treatment or removal by the existing treatment processes, or are only partially amenable to treatment such that the plant effluent does not meet the regulatory requirements; specifically, any discharge containing non-biodegradable complex carbon compounds.
- N. Any discharge containing suspended solids of such character and quantity that unusual attention or expense shall be required to handle such water or waste at the wastewater treatment plant.
- O. Any discharge containing more than 25 mg/L of petroleum oil, non-biodegradable cutting oils, or products of mineral oil origin.
- P. Any discharge prohibited by any permit or regulation of Pennsylvania Department of Environmental Protection, or the Environmental Protection Agency.
- Q. Any discharge of waste slugs, such that the discharge exceeds the allocated flow criteria and the peaking factors associated with the flow allocation.

- R. Any discharge of concentrations of anions, cations, and other various objectionable substances that would make the Authority responsible discharging such substances in excess of that amount permitted in the allocated portion of the critical flow of the receiving stream.
- S. Any discharge from a trucked or hauled source.
- T. Any discharge which may cause the treatment plant's effluent or other product of the treatment plant (such as residues, sludge, or scum) to be unsuitable for reclamation, disposal, and reuse, or to interfere with the reclamation process.

In no case shall a substance discharged to the sewer system cause the treatment plant to be in noncompliance with sludge use or disposal criteria, guidelines, or regulations developed under Section 405 of the Clean Water Act, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management method being used at the treatment plant.

- U. Any waste stream with a closed cup flashpoint of less than 140 degrees fahrenheit (that is, discharges whose vapors ignite and burn at less than 140 degrees fahrenheit.)
 - V. Any discharge containing detergents, surface active agents, or other substances which may cause excessive foaming in the treatment plant.
4. Any discharge which violates the Federal Categorical Pretreatment Standards as defined in 40 C.F.R., Subchapter N, Part 401 to 471, as amended and revised.
 5. Any discharge which violates the Pennsylvania State Pretreatment Standards, where those state standards are more stringent than Federal or the Authority's standards:
 6. Concentrations for elements or compounds in excess of the following:

Aluminum	5.00 mg/L
Ammonia (as N)	30.00 mg/L
Antimony	0.10 mg/L
Arsenic	0.05 mg/L
Barium	1.00 mg/L
Beryllium (as Be)	0.10 mg/L
BOD ₅	204.00 mg/L
Boron	1.00 mg/L
Bromides	250.00 mg/L
Cadmium (as Cd)	0.01 mg/L
Chemical Oxygen Demand	500.00 mg/L
Chlorides	50.00 mg/L
Chrome	0.10 mg/L

Chromium (hexavalent)	0.10 mg/L
Chromium (trivalent)	0.50 mg/L
Cobalt	0.50 mg/l
Copper	1.00 mg/L
Cyanides (as CN)	0.20 mg/L
Endrin	0.0004 mg/L
Fluorides	5.0 mg/L
Hydrogen Sulfides	0.10 mg/L
Iron	5.0 mg/L
Lead	0.05 mg/L
Lithium	2.50 mg/L
Lindane	0.008 mg/L
Magnesium	25.00 mg/L
Manganese	0.20 mg/L
Methoxychlor	0.20 mg/L
Methylene Chloride	0.40 mg/L
Molybdenum	0.10 mg/L
Mercury	0.05 mg/L
Nickel	0.25 mg/L
Phenols	0.001 mg/L
Phosphates (as PO ₄)	50.00 mg/L
Phosphorus (as P)	10.00 mg/L
Selenium	0.01 mg/L
Silver	0.10 mg/L
Sulfates	500.00 mg/L
Suspended Solids	240.00 mg/L
Tin	1.00 mg/L
Total Dissolved Solids	500.00 mg/L
Total for all Priority Pollutants	15.0 mg/L
Total Halogenated Organics	2.00 mg/L
Total Kjeldahl Nitrogen	45.00 mg/L
Toxaphene	0.01 mg/L
Vanadium	0.10 mg/L
Zinc	0.50 mg/L
2,4,5-TP Silvex	0.02 mg/L

Specific Toxic Substance Notification Levels (for manufacturing, commercial, mining, silvicultural discharges):

Acrolein	200 ug/L
Acrylonitrile	200 ug/L
2-, 4-Dinitrophenol	200 ug/L
2-methyl, -4, -6 dinitrophenol	500 ug/L

The above criteria is subject to amendment based on process performance, new requirements from regulatory agencies, or technical developments.

Laboratory analysis shall be performed on a representative 24-hour composite sample (or grab sample at discretion of the Authority) and all analytical procedures shall be consistent with the latest revised edition of Standard Methods for the Examination of Water and Wastewater.

END OF SECTION

EXHIBIT "F"
NORTH COVENTRY MUNICIPAL AUTHORITY

LINE ITEMS INCLUDED IN OPERATING COST
for
WASTEWATER TREATMENT PLANT

Item	Fiscal Year 2003 Values for Cost Sharing
1. Salaries, wages, payroll expenses, benefits at 80% =	\$ 231,281.60
2. Parts, maintenance and repairs	\$ 29,500.00
3. Sludge Dewatering and Disposal	\$ 53,400.00
4. Chlorine and Chemicals	\$ 3,600.00
5. Electric	\$ 65,000.00
6. Heating (natural gas)	\$ 2,500.00
7. Laboratory analysis(including outside labs) and supplies	\$ 2,000.00
8. Permit fees and testing (permit renewal every 5 years)	\$ -
9. Materials and Supplies	\$ 4,000.00
10. Computer system program and technical support at 80% =	\$ 3,200.00
11. Plant Flowmeters: maintenance, repair and calibration	\$ 500.00
12. Engineering Services for Plant	\$ 7,200.00
13. Legal Services for Plant	\$ 500.00
14. Insurance for Plant	\$ 11,220.00
15. Administrative Costs at 50% =	\$ 96,639.00
16. less Act 339 Grant	<u>\$(132,764.00)</u>
TOTAL NET OPERATING COST FOR PLANT	\$ 377,776.60

EXHIBIT "F"
NORTH COVENTRY MUNICIPAL AUTHORITY

WORKSHEET - ITEMS INCLUDED IN PLANT OPERATING COST

Item	Fiscal Year, 2003 Budget Value	Extension
1. Salaries, wages, payroll expenses, benefits		
Wages	\$ 200,382.00	
Benefits and retirement	\$ 62,800.00	
Unemployment compensation	\$ 520.00	
Insurance - Workers compensation	\$ 10,070.00	
Social Security	\$ 15,330.00	
	\$ 289,102.00	80% \$ 231,281.60
2. Parts, maintenance and repairs	\$ 29,500.00	\$ 29,500.00
3. Sludge Dewatering and Disposal		
Belt press- maintenance and supplies	\$ 9,500.00	
Landfill costs	\$ 35,000.00	
transportation	\$ 8,900.00	
	\$ 53,400.00	\$ 53,400.00
4. Chlorine	\$ 3,600.00	\$ 3,600.00
5. Electric	\$ 65,000.00	\$ 65,000.00
6. Heating (natural gas)	\$ 2,500.00	\$ 2,500.00
7. Outside laboratory analysis and lab supplies	\$ 2,000.00	\$ 2,000.00
8. Permit fees and testing (NPDES renewal every 5 yrs)	\$ -	\$ -
9. Materials and Supplies	\$ 5,000.00	80% \$ 4,000.00
10. Computer system program and support	\$ 4,000.00	80% \$ 3,200.00
11. Plant Flowmeters: maintenance, repair and calibration	\$ 500.00	\$ 500.00
12. Engineering Services for Plant	\$ 7,200.00	\$ 7,200.00
13. Legal Services for Plant (allowance)	\$ 500.00	\$ 500.00
14. Property Insurance for Plant	\$ 11,220.00	\$ 11,220.00

15. Administrative Costs			
salaries and wages	\$	90,120.00	
benefits and retirement	\$	28,600.00	
unemployment compensation	\$	208.00	
social security	\$	7,280.00	
auditor fee	\$	3,500.00	
paying agent fee	\$	1,100.00	
officer compensation	\$	5,000.00	
office supplies	\$	3,400.00	
telephone - Authority office	\$	6,000.00	
billing expenses	\$	3,800.00	
routine legal services	\$	12,200.00	
legal expenses	\$	1,000.00	
routine engineering services	\$	16,000.00	
public officials E&O insurance	\$	4,100.00	
insurance - gen. liability, auto, umbrella	\$	7,000.00	
bonding for Authority treasurer	\$	470.00	
vehicle maintenance & expenses	\$	3,500.00	
		<u>\$ 193,278.00</u>	50% \$ <u>96,639.00</u>
		Total Budgeted Plant Operating Cost	\$ 510,540.60
		less Act 339 Operating Grant	\$ (132,764.00)
		Net Plant Operating Cost	\$ 377,776.60

16 Non-Plant Items		
collection system maintenance	\$	18,000.00
pump station maintenance	\$	25,000.00
electric - pump stations	\$	20,500.00
misc. operating expenses	\$	658.00
telephone - pump stations	\$	3,500.00
property insurance - pump stations	\$	1,950.00
legal services	\$	17,800.00
legal expenses	\$	1,000.00
engineering services	\$	14,800.00
engineering services for special projects	\$	20,000.00
miscellaneous	\$	577.00
		<u>\$ 123,785.00</u>

check calc, TOTAL 2003 Expenditures = \$,790,585.00

North Coventry Municipal Authority 2003 Budget

OPERATING FUND	2003 Budget
Operation Expenses	
Wages	\$ 200,382.00
Transportation	\$ 3,500.00
Plant - Operation & Maintenance	\$ 30,000.00
Collection System - Maintenance	\$ 18,000.00
Pump Station - Maintenance	\$ 25,000.00
Sludge Removal ; Landfill	\$ 35,000.00
Sludge Removal ; Transportation	\$ 8,900.00
Sludge Filter Press Maint. & Supply	\$ 9,500.00
Computer Sys. Program & Support	\$ 4,000.00
Chlorine	\$ 3,600.00
Materials & Supplies	\$ 5,000.00
Electricity Pump Stations	\$ 20,500.00
Electricity Treatment Plant	\$ 65,000.00
Heating Natural Gas	\$ 2,500.00
Outside Lab. Analysis & Supply	\$ 2,000.00
Employee Benefits & Retirement	\$ 62,800.00
Unemployment Compensation	\$ 520.00
Workers Compensation Insurance	\$ 10,070.00
Miscellaneous	\$ 658.00
Social Security	\$ 15,330.00
Subtotal	\$ 522,260.00
Administration Expenses	
Wages	\$ 90,120.00
Telephone Pump Stations	\$ 3,500.00
Telephone Treatment Plant	\$ 6,000.00
Billing Expenses	\$ 3,800.00
Legal Services	\$ 30,500.00
Legal Expenses	\$ 2,000.00
Engineer Services	\$ 38,000.00
Special Engineer Services	\$ 20,000.00
Auditor Fee	\$ 3,500.00
Paying Agent	\$ 1,100.00
Office Supplies	\$ 3,400.00
Insurance-Gen. Liability, Auto, Umbr.	\$ 7,000.00
Insurance-Property Treatment Pt.	\$ 11,220.00
Insurance-Property Pump Stations	\$ 1,950.00
Insurance-Public Official	\$ 4,100.00
Insurance- Treasurer Bond	\$ 470.00
Employee Benefits & Retirement	\$ 28,600.00
Unemployment Compensation	\$ 208.00
Officers Compensation	\$ 5,000.00
Social Security	\$ 7,280.00
Miscellaneous	\$ 577.00
Subtotal	\$ 268,325.00
Total Expenditures	\$ 790,585.00
Debt Service	
Principal	\$ 220,000.00
Interest	\$ 486,415.00
Subtotal	\$ 706,415.00
TOTAL EXPENDITURES	\$ 1,497,000.00

North Coventry Municipal Authority 2003 Budget

Receipts Anticipated		2003 Budget
Rentals	\$	1,125,000.00
Tapping Fees	\$	350,000.00
Earned Interest	\$	53,100.00
Pa. Act 339 Subsidy	\$	132,950.00
NCWA Reimbr. Personnel Time	\$	30,000.00
Total Receipts		\$ 1,691,050.00

Recommended Projects

Collection Line Repairs Creek Rd.	\$	314,400.00
Collection Line TV Camera	\$	7,500.00
Brick Manhole Repairs	\$	80,000.00
Geographical Information System		
East Main St. P.S. Force Main & Riverside Dr. Sewer Line		

EXHIBIT "H" -- ESTIMATE OF COST OF EXISTING TREATMENT FACILITIES

NORTH COVENTRY MUNICIPAL AUTHORITY
ESTIMATE OF COST OF EXISTING TREATMENT FACILITIES
Summary of Cost Components

		ENR	Costs
		Index	Indexed to
			3/1/01
1.0	Original Wastewater Treatment Plant - 1960		
	Construction	\$ 296,822.49	
	Non-Construction	\$ 34,305.25	
		\$ 331,127.74	7.62 \$ 2,523,193
2.0	1989 Plant Upgrade		
	Construction	\$ 48,340.40	
	Non-Construction	\$ 16,483.54	
		\$ 64,823.94	1.36 \$ 88,161
3.0	Deduction for demolished facilities		
3.1	Deduction for demolished facilities		
	1960 Project	\$ 143,467.47	7.62 \$ (1,093,222)
	1989 Project	\$ 39,917.00	1.36 \$ (54,287)
3.2	Deduction for Grants, Assessments received		\$ (268,229)
4.0	1997 Plant Expansion		
	Construction	\$ 5,803,912.72	1.0757 \$ 6,243,269
	Non-construction	\$ 1,525,654.13	\$ 1,525,654
		\$ 7,329,566.85	
5.0	Deduction for Contributions received		\$ (5,016)
6.0	Deduction for Portion of Plant that benefits Existing Users		\$ (3,585,816)
	Net Cost Basis for Treatment Plant	\$ 5,373,707	
	USE	\$ 5,374,000	
	Update from March 2001 to Sept 2002		1.0492
		\$ 5,638,401	
	East Coventry share		25.4%
		\$ 1,432,154	
	Round to	\$ 1,432,000	

NORTH COVENTRY MUNICIPAL AUTHORITY
ESTIMATE OF COST OF EXSITING TREATMENT FACILITIES

A. COST OF TREATMENT FACILITIES

"Trended Historical Costs Method"

General Formula:

Historical cost of facilities indexed to current year
Deduct for grants & assesments received
Deduct for demolished facilities
Deduct for facilities which benefit existing users
then divide the adjusted net-cost basis by available capacity = cost per gallon

1.0 Original Wastewater Treatment Plant - 1960
(source - A339 file 5339-160)

Plant site asquisition	\$	6,365.00	
General Construction	\$	138,444.00	
Mechanical	\$	92,646.43	
Heating & Ventilating	\$	9,785.00	
Electric	\$	23,654.66	
Well	\$	857.70	
Interceptors	\$	25,069.70	
			\$ 296,822.49
Subtotal Construction			
Design	\$	16,581.27	
Legal	\$	2,995.45	
Financial costs	\$	543.43	
Interest during construction	\$	4,461.20	
Inspection	\$	9,723.90	
			\$ 34,305.25
Subtotal, non-construction			
Total project cost, 1960 dollars =			\$ 331,127.74

Update to March 2001 dollars

ENR 1960 = 824 6280/824 = 7.62 7.62
ENR 3/01 = 6280

Indexed cost of 1960 treatment plant in March 2001 dollars \$ 2,523,193.38

2.0 Expansion of Chlorine Contact Tank & Chopper pump-1989

Construction	\$	48,340.40
Engineering	\$	16,308.04
Administrative	\$	175.50
Total project cost of 1989 additions	\$	64,823.94

Update to March 2001 dollars

ENR 1989 = 4615 Factor = 6280/4615 = 1.36 1.36
ENR 3/01 = 6280

Cost of 1989 additions in March 2001 dollars \$ 88,160.56

COST OF EXISTING TREATMENT PLANT INDEXED TO MARCH 2001 DOLLARS: \$ 2,611,353.94

3.0 Adjustments

3.1 Deduction for demolished facilities (valuation per DEP in Act 339)				
1960 project	\$	143,467.47	index to 3/01	7.62 \$ (1,093,222.12)
1989 project	\$	39,917.00	index to 3/01	1.36 \$ (54,287.12)

3.2 Deduction for proportionate share of grants, assessments, etc

Federal Grant (1959-60)	\$	122,323.81
Federal Grant (1965-66)	\$	12,090.00
Resolution of Assesment (1959-60)	\$	433,324.80
Resolution of Assesment (1965-66)	\$	102,075.00
Resolution of Assesment (1971)	\$	210,220.00
TOTAL GRANTS & ASSESSMENTS	\$	880,033.61

Proportion grants between existing plant and existing collection system:

Existing Plant in 3/01 dollars	\$	2,611,353.94		
Existing Lines in 3/01 dollars	\$	5,956,250.00	factor =	0.30479
	\$	880,033.61	0.30479	\$ (268,228.93)
ADJUSTED COST BASIS OF EXISTING FACILITIES:				\$ 1,195,615.77

4.0 Estimated Final Construction Costs for New Plant

General	\$	4,700,768.13
Concrete testing	\$	16,316.47
Owner direct purchase	\$	80,000.00
HVAC	\$	78,083.23
Plumbing	\$	160,262.00
Electrical	\$	768,482.89
Total Cost for New Plant	\$	5,803,912.72

Update Construction Costs from receipt of bid November 1997 to March 2001

ENR 11/97 = 5838	6280/5838=1.0757	1.0757	\$ 6,243,268.91
ENR 3/01 = 6280			

5.0 Ratio of New Plant Construction Contracts to New Collection System Contracts

Plant - Contract #1	\$	4,700,768.13
Plant - Contract #2	\$	78,083.23
Plant - Contract #3	\$	160,262.00
Plant - Contract #4	\$	768,482.89
Lines - Contract # 5	\$	3,395,300.00
Lines - Contract # 6	\$	3,349,092.66
Total Construction	\$	12,451,988.91

Ratio of Plant to Total Construction =	0.4584
Ratio of Collection System to Total Construction =	0.5416

6.0 Non-Construction Costs

6.1 Engineering thru 12/31/00 for plant

Design (-107,-108,-109,-110)	\$	215,000.00	
Permits (-111, -120)	\$	8,774.77	
Construction Phase(130,131,132,133,-134)	\$	236,692.66	
Operations Consulting	\$	18,289.67	
Estimated engr to complete	\$	<u>5,000.00</u>	
SUBTOTAL			\$ 483,757.10

6.2 Non engineering costs to 12/31/00 for plant

Permit fees	\$	6,600.00	
Initial start-up supplies	\$	<u>10,000.00</u>	
SUBTOTAL			\$ 16,600.00

6.3 Project development costs common to plant & lines:

Reimburse Authority advanced funding	\$	145,991.36	
Planning Costs (un-reimbursed portion)	\$	35,500.00	
Solicitor	\$	23,684.72	
Bidding	\$	28,923.35	
Project Admin-101	\$	5,483.78	
Interest on Loan	\$	508,153.45	
Capitalized Interest	\$	1,041,996.17	
Insurance Premium	\$	42,603.00	
OID	\$	224,975.15	
Underwriter Discount	\$	62,135.00	
Issuance cost - Loan	\$	28,678.34	
Pennvest Application	\$	12,014.51	
Issuance cost - Bonds	\$	49,078.90	
Misc. financing fees	\$	3,234.89	
Engineers Assistance w/ financing	\$	<u>24,388.73</u>	
SUBTOTAL			\$ 2,236,841.35

Project development costs proportioned for plant	0.4584	\$	<u>1,025,297.03</u>
TOTAL BASE COST FOR EXIST & NEW TREATMENT PLANT		\$	8,964,538.81

7.0 Adjustments to Base Costs for treatment plant

7.1 Deduction for contributions toward construction Spotts, Stevens, & McCoy		\$	(5,016.00)
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7.2 Deduct portion of cost that benefits existing users

Allow existing users are 0.6 mgd (AADF prior to construction)
then, benefit to existing user = 0.6 mgd/1.5 mgd = 40%

Deduct 40% of Base Costs	\$	8,964,538.81	40%	\$	<u>(3,585,815.53)</u>
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NET COST BASIS for TREATMENT PLANT	\$	5,373,707.29
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CONVEYANCE AND ALLOCATION AGREEMENT

This Agreement made this ___ day of _____, by and between Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with offices at 852 Wesley Drive, Mechanicsburg, PA 17055 (“**PAWC**”) and East Coventry Township, a Pennsylvania Township of the Second Class, having offices at 855 Ellis Woods Road, Pottstown, PA 19465 (“**East Coventry**”);

WHEREAS, East Coventry is a party to an agreement (“**Authority Agreement**”) dated January 27, 2004 with North Coventry Township (“**North Coventry**”) and the North Coventry Municipal Authority (“**Authority**”) pursuant to the terms of which the Authority has among other things allocated to East Coventry wastewater treatment capacity of 510,000 gallons per day (“**Allocation**”) and East Coventry has, among other commitments, agreed to share in the operation and maintenance costs of the Authority’s wastewater treatment plant (“**WTP**”);

WHEREAS, East Coventry and PAWC have entered into an Asset Purchase Agreement dated February 7, 2024 (the “**Purchase Agreement**”), pursuant to which East Coventry has agreed to sell to PAWC its wastewater collection and conveyance system (“**East Coventry System**”);

WHEREAS, the Authority has refused to allow the assignment of the Authority Agreement from East Coventry to PAWC, so East Coventry and PAWC are entering into this Conveyance and Allocation Agreement pursuant to which East Coventry will retain a portion of the East Coventry System (which will include the interconnection with the WTP, hereinafter the “**WTP Interconnection**”) and agree to accept and convey all wastewater from the East Coventry System through the Retained System (defined below) to the WTP and PAWC will be responsible for all payments owed by East Coventry to the Authority incurred in connection with such acceptance and conveyance.

WITNESSETH, that for and in the consideration, the receipt and sufficiency of which is hereby acknowledged and the covenants contained herein, the parties are as follows:

1) DEFINITIONS

All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Authority Agreement, which is attached hereto as Exhibit A and made a part hereof.

2) **RETAINED SYSTEM AND POINT OF DELIVERY**

PAWC and East Coventry agree that East Coventry will retain ownership of the interconnection between the WTP (“**Retained System**”) and the East Coventry System . The Retained System is further described in Exhibit B attached hereto and made a part hereof. Also identified on Exhibit B is the point of interconnection between the Retained System and the East Coventry System (“**PAWC/EC Interconnect**”). East Coventry agrees to convey all wastewater from the PAWC/EC Interconnect to the WTP.

As part of the consideration for this Agreement, PAWC agrees to operate and maintain the PAWC/EC Interconnect and the Retained System at no cost to East Coventry, including any and all required repairs and replacements.

3) **ALLOCATION AND ALLOWABLE STRENGTH OF WASTEWATER**

Except as otherwise set forth herein, East Coventry hereby sells, assigns, grants, conveys and transfers to PAWC all of East Coventry’s right, title and interest in and to the Allocation. PAWC hereby accepts such assignment and assumes all of East Coventry’s duties and obligations with respect to the Allocation and agrees to be responsible for all payments due from East Coventry to the Authority in connection with such assignment.

East Coventry agrees to use its reasonable best efforts to keep the Authority Agreement in place and assert any and all of its rights under the Authority Agreement, at the request of PAWC or otherwise.

Upon the Closing of the purchase of the East Coventry System, PAWC agrees that the flow from the East Coventry System will be limited to specific Discharge Criteria, both flow and qualitative, as defined in Exhibit C attached hereto and made a part hereof. Further, PAWC agrees that it will not discharge any Prohibited Wastes as defined in Exhibit D attached hereto and made a part hereof.

The Parties agree that the Allocation is subject to regulatory action and acts of nature and therefore cannot be construed to be an absolute value. Changes in the discharge criteria of the WTP, or changes in the definition of standard strength domestic wastewater by the Department of Environmental Protection (“**DEP**”) or other regulatory agencies, may result in a lesser allocation. Acts of nature, beyond the control of East Coventry or the Authority, including hurricanes, floods, tornadoes, etc., may temporarily delay PAWC’s full use of the Allocation.

4) **OPERATIONAL COMPLIANCE**

4.1. Compliance with all Discharge Criteria as stated in Exhibit C shall be the sole responsibility of PAWC. When received from the Authority, East Coventry will share flow metering data and will share the results of any periodic sampling or other information that is required to be shared with East Coventry by the Authority.

4.2. The Parties recognize that a magnetic flow meter has been installed by the Authority at the WTP Interconnection. The magnetic flow meter includes a totalizer, recording chart, and meter bypass for maintenance of the meter. Under the Authority Agreement, the Authority is responsible for scheduling with the manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification are required to be shared by the Authority with East Coventry and East Coventry hereby agrees to share the same with PAWC immediately following receipt. Within thirty (30) days of its receipt of the report, PAWC may request that East Coventry contest the meter calibration certification report under terms of the Authority Agreement.

4.3. East Coventry will notify PAWC, in writing, when the flow from the East Coventry System is measured at 80% of its Annual Average Daily Flow as shown on Exhibit C. Upon notification, PAWC shall implement a Wasteload Management Program to monitor and, if necessary, restrict additional connections to the East Coventry System in order to meet PAWC's responsibility that the Flow Criteria listed in Exhibit C are not exceeded. East Coventry will provide similar notice to PAWC when the flow from PAWC is measured at 80% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit C. Upon notification, PAWC agrees to investigate and, thereafter, report to East Coventry, within seventy-five (75) days of the date of the East Coventry's notice, PAWC's plan to manage/reduce flows in order to not exceed the Flow Criteria.

If PAWC is notified by East Coventry that the flow from the East Coventry System is measured at 90% of its Annual Average Daily Flow as shown on Exhibit C or that the flow from the East Coventry System is measured at 90% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit C, then PAWC agrees to investigate and, thereafter, report to East Coventry within seventy-five (75) days of the date of the notice of the same from East Coventry, PAWC's written plan to manage/reduce flows in order to not exceed the Flow Criteria. The written plan shall include, but not be limited to, a description of the proposed methods to reduce flows, a schedule to limit new connections and/or a commitment to plan for, and fund additional treatment capacity. East Coventry will notify PAWC if the plan is acceptable and PAWC agrees to consider suggestions from East Coventry for changes to the plan.

4.4. East Coventry will promptly notify PAWC, in writing, if the monthly flow from the East Coventry System exceeds the maximum monthly average flow and/or exceeds the annual average daily flow, as shown in Exhibit C, for a period of ninety (90) consecutive days.

A. Upon notification of exceeding any of the Flow Criteria in Exhibit C, PAWC agrees to investigate and thereafter submit to East Coventry, within one hundred (100) days of the date of East Coventry's notice, an Overload Remediation Plan to manage/reduce flows in order to maintain compliance with the Flow Criteria. Said Overload Remediation Plan shall include an implementation schedule showing the dates on which each step of the plan will be undertaken. Activities include, but may not be

limited to, planning, design, financing, and construction, as may be necessary to provide the required capacities and/or eliminate the excess flows. The Plan shall be reviewed by East Coventry, and if deemed acceptable by East Coventry, a limited number of connections may be allocated to PAWC during the implementation of the Overload Remediation Plan.

B. If, upon the completion of the implementation of the Overload Remediation Plan, PAWC is not able to demonstrate a reduction in flows, then further connections to the East Coventry System shall be prohibited until such time as additional treatment capacity has been made available at the WTP and provisions have been made to increase the flow allocation.

C. If, ninety (90) days after notification, the monthly flow from the East Coventry System exceeds the Flow Criteria stated in Exhibit C and East Coventry is required to pay a surcharge to the Authority on the excess flow above the allowable flow, then PAWC will be responsible for any surcharge East Coventry is required to pay the Authority. Upon reasonable advance notice of such obligation to pay, PAWC will use its reasonable commercial efforts to pay East Coventry in advance of the due date of the payment to the Authority

D. PAWC agrees to pay any fines and penalties and make all improvements to the East Coventry System that are imposed by DEP or any other governmental agency due to violations at the treatment plant that are attributable to PAWC's exceeding the Flow Criteria. PAWC also agrees to prepare and submit all reports and filings mandated by DEP or any other governmental agency about the East Coventry System.

E. In addition to the penalty provisions contained herein, if, at any time, the flow from the East Coventry System exceeds the Flow Criteria, East Coventry, to the extent permitted by law, may pursue any one or more of the following additional remedies:

- (1) Require PAWC to purchase reserve capacity, if East Coventry is required by the Authority to purchase excess capacity, with the price being established by the Authority; or
- (2) Pursue an injunction or any other equitable remedy in any Court or agency of competent jurisdiction; or
- (3) Pursue damages or any other legal remedy in any Court of competent jurisdiction; or
- (4) Pursue any other remedy or administrative order available at law, in equity, or administrative proceeding or otherwise.

4.5. East Coventry will advise PAWC, in writing, if the Authority's random sampling of the discharge from East Coventry does not comply with the Qualitative Criteria on Exhibit C,

or if the discharge contains any Prohibited Waste listed on Exhibit D. Upon notification, PAWC shall identify and eliminate the source of the Prohibited Waste.

A. If the Authority imposes a surcharge on East Coventry for any non-conforming wastewater discharged from the East Coventry System through the PAWC/EC Interconnect to the Authority's system, PAWC will be responsible for paying such surcharge. In addition to the payment of the surcharge, PAWC agrees that if repeated assessments of the surcharge occur, it may (a) be required to pre-treat the offending wastewater, (b) terminate the particular discharger(s) responsible for the non-conforming waste from discharging into the East Coventry System, or (c) if this discharger cannot be identified, refuse further connections to the East Coventry System.

B. PAWC will be responsible for any payment levied by the Authority for any other non-conforming waste that contains any one or more of the Prohibited Waste listed in Exhibit D, which can be shown as being directly attributable to PAWC's wastewater passing through the WTP Interconnection. Additional charges may include fines, repairs to the treatment process, additional laboratory expenses, additional sludge disposal expenses, legal expenses, engineering expenses, etc. Upon reasonable advance notice of such obligation to pay, PAWC will use its reasonable commercial efforts to pay East Coventry in advance of the due date of the payment to the Authority.

4.6. PAWC agrees to prohibit the discharge into the East Coventry System of all industrial wastewaters, unless written approval for such discharge is obtained from the Authority by East Coventry and PAWC adopts pretreatment standards in compliance and with approval of EPA, DEP, the Authority, and other appropriate agencies. PAWC agrees that if any form of industrial wastewaters are accepted in the future by the Authority, PAWC will pay all the costs for additional sampling, treatment, and administrative charges for monitoring and processing of any industrial wastewaters discharged to the East Coventry System.

4.7. PAWC agrees that it shall not permit the dumping of bulk wastewater, septage, sludge, or other wastes into the East Coventry System by private haulers or other persons engaged in the business of transporting wastewater, septage, sludge, or other wastes.

5) CHARGES FOR CONVEYANCE OF WASTEWATER

5.1. Under the terms of the Authority Agreement, East Coventry and the Authority share the annual operating costs for the WTP in proportion to the volume of wastewater discharged by each party into the WTP. PAWC hereby agrees to be responsible for East Coventry's share of the operating costs, provided East Coventry agrees to take all reasonable steps under the Authority Agreement to limit its share.

5.2. The Authority's fiscal year is from February 1 to January 31. On an annual basis, the Authority has agreed to prepare an Estimate for the Operation Costs for the WTP ("Estimate") for the upcoming year. Under the terms of the Authority Agreement, the Estimate is to be forwarded to East Coventry when complete and East Coventry hereby agrees to promptly

provide a copy to PAWC after it receives the Estimate from the Authority. East Coventry is expected to receive the Estimate on or before February 28th of each year. In addition, on or before November 1st of each year, the Authority has agreed to provide East Coventry with a Preliminary Estimate of Operating Costs based upon information then available, which East Coventry agrees to promptly provide to PAWC.

5.3. Invoices for payment for wastewater treatment services, surcharges for flows which exceed the Discharge Criteria, and any other invoice sent to East Coventry by the Authority in accordance with the Authority Agreement shall be promptly forwarded by East Coventry to PAWC shall be paid by PAWC to East Coventry within thirty (30) days of the date of the invoice was forwarded. PAWC agrees to be responsible for any late payments charged to it by the Authority if PAWC is late in paying the invoice to East Coventry. Upon reasonable advance notice of such obligation to pay, PAWC will use its reasonable commercial efforts to pay East Coventry in advance of the due date of the payment to the Authority

5.4. Under the terms of the Authority Agreement, at the end of the Authority's fiscal year, an audit of the operation and maintenance costs will be performed by an independent certificated public accountant. The operating and maintenance costs described in Section 5.1 hereof are to be reduced by any operating grants received by the Authority. Based upon the audit of the previous year's operating costs for the WTP and based on the total flows recorded as discharged from the Authority and the WTP Interconnection, a reconciliation calculation will be performed to determine if there was any underpayment or overpayment on the amount due from East Coventry, based on the actual operating expenses. East Coventry will invoice PAWC for any underpayments, and the payment of the invoice shall be due within thirty (30) days of the date of the invoice. PAWC shall pay interest at the rate of Six Per Cent (6%) per annum after thirty (30) days and until the invoice is paid. Overpayments will be applied by East Coventry to future invoices.

5.5. A copy of each year's operating budget of the Authority is to be forwarded to East Coventry within thirty (30) days of the Authority's adoption of the budget and East Coventry agrees to promptly forward the same to PAWC.

5.6. In the event of a dispute regarding treatment charges, East Coventry agrees at PAWC's request to provide written objection to the Authority. East Coventry will work with PAWC to review the calculations and attempt to resolve the dispute with the Authority. Unresolved issues shall be settled in accordance with the dispute resolution provisions of the Authority Agreement. PAWC will continue to make full payment for each invoice until such time as the dispute is resolved. In the event PAWC is correct in its assessment of treatment charges, all overpayments shall be subject to simple interest at the rate of Six Percent (6%) per annum, beginning from the date when the overpayment was received by the Authority. East Coventry agrees to pay these overpayments to PAWC when received from the Authority.

6) COVENANTS OF PAWC

PAWC covenants and agrees with East Coventry that it will, at all times:

- A. Maintain the East Coventry System in good repair, working order, and condition.
- B. Continuously operate the East Coventry System, subject to “force majeure” or all orders, directives, and regulations of the Chester County Health Department, DEP, the Environmental Protection Agency, and any existing or successor agencies with authority to regulate and control the operations of the respective wastewater systems.
- C. From time to time, make all necessary repairs, renewals, and replacements thereof, and all improvements thereto in order to maintain adequate service.
- D. Make available at all reasonable times to East Coventry, or its agents, servants, employees, and representatives access to all records in so far as the same relate to matters covered in this Agreement. PAWC also agrees that East Coventry, its agents, servants, employees, and representatives shall have access to the physical facilities of the East Coventry System at reasonable times in order to assure compliance with the terms and provisions of this Agreement, which access may include representatives of the Authority pursuant to East Coventry’s obligations under the Authority Agreement.
- E. Construct and maintain all manholes, pumping stations, and other facilities in the East Coventry System in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover; no through pick holes) watertight covers.
- F. Provide by January 31 of each year information as requested by East Coventry to provide to the Authority to facilitate preparation of the Authority’s Chapter 94 Annual Wasteload Management Report.
- G. Upon completion of any expansion of the East Coventry System by PAWC, PAWC will provide, without cost to East Coventry, one complete set of reproducible as-built drawings of the expansion, showing complete information as to location, grade and depth of lines, location of manholes, design and location of pump stations, and, also, specifications and technical documents for all equipment installed as a part of the same, and other similar relevant information.

7) FUTURE PLANT EXPANSION COSTS AND CAPACITY

7.1. Under the Authority Agreement, the Authority and East Coventry agreed that the total Project costs of any expansion, renovation, revision, and improvements to the WTP performed, to provide additional treatment capacity for one party, shall be borne solely by said

party. At the written request of PAWC, East Coventry hereby agrees to take any action required under the Authority Agreement to compel the Authority to agree to an expansion, renovation, revision or improvement to the WTP for the sole benefit of the East Coventry System, provided PAWC shall agree to be responsible for all reasonable costs borne by East Coventry in connection with such request and project.

7.2. Under the Authority Agreement, if a capital project is proposed that would add additional treatment capacity for both East Coventry and Authority, the costs of said future project shall be reviewed by the parties and shared pro rata, based on the proportional additional capacity assigned to each party. PAWC agrees to be responsible for East Coventry's reasonable costs in connection with any such capital project provided East Coventry agrees to assign such additional treatment capacity to PAWC

7.3. Under the Authority Agreement, the Authority and East Coventry agreed that if the total project costs for future expansion, renovation, revision, or improvement of the WTP are performed to upgrade the WTP to enable it to meet more stringent effluent standards required of one party's influent stream, then those costs are borne solely by that party. PAWC agrees to be responsible for East Coventry's reasonable costs in connection with any such capital project.

7.4. Under the Authority Agreement, the Authority and East Coventry agreed that the total project costs for future expansion, renovation, revision, or improvement of the WTP performed to upgrade the WTP to enable it to meet more stringent effluent standards and/or to provide for capital improvements or extraordinary repairs which will not increase the total treatment plant capacity shall be shared by Authority and East Coventry, pro rata, based on the proportional capacity assigned to each of these parties. PAWC agrees to be responsible for East Coventry's reasonable costs in connection with any such capital project.

7.5. Under the Authority Agreement, the Authority and East Coventry agreed notwithstanding anything contained in the Authority Agreement to the contrary, that the cost of any expansion, renovation, revision, or improvement to the WTP required as the result of any contributing party other than East Coventry shall not be passed through, charged, or paid in part by East Coventry. East Coventry agrees to use its best efforts to enforce the terms of this agreement.

8) INDEMNIFICATION

8.1. Under the Authority Agreement, East Coventry has agreed to indemnify and save the Authority harmless from any and all costs, expenses, and fines incurred, including any and all legal and administrative expenses incurred, resulting from any waste, substance, material, or gas deposited or discharged into the East Coventry System and released into and/or treated or discharged at the WTP, resulting in Authority being charged with a violation of the Clean Streams Law, the terms, criteria, and conditions of the Authority's Operating Permit, and/or any other statute, administrative regulation, Ordinance, Code, or Order. In any such event, PAWC agrees to indemnify and save East Coventry harmless from any such claim by the Authority to the same extent as East Coventry is obligated to indemnify the Authority.

8.2. Under the Authority Agreement, East Coventry has agreed to be financially responsible for all losses incurred by Authority as a result of the East Coventry System exceeding of the Discharge Criteria contained in the Authority Agreement, and East Coventry further agreed to indemnify and hold harmless the Authority against any and all costs, expense, loss, damage, financial liability, fines, and penalties, including any and all legal and administrative expenses incurred by Authority in regard thereto, that may be incurred by or imposed upon Authority by DEP, EPA, or any other regulatory body with jurisdiction thereof, resulting in whole or in part by reason of wastewater being discharged from the East Coventry System into the WTP in violation of any of the Discharge Criteria of the Authority Agreement or any other terms, conditions, or limits set forth in the Authority Agreement. In any such event, PAWC agrees to indemnify and save East Coventry harmless from any such claim by the Authority to the same extent as East Coventry is obligated to indemnify the Authority.

8.3. Under the Authority Agreement, the Authority agrees to insure, or cause to be insured, the WTP with a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth and as approved by the Authority's Engineer. The Authority does not maintain flood insurance and nothing in the Authority Agreement can be interpreted as requiring the Authority to carry flood insurance on its WTP. The Authority agreed that immediately upon the occurrence of any loss or damage to any part of the WTP which is covered by insurance, the Authority will commence and promptly complete, or cause to be so commenced and promptly completed, the repairing, replacement, or reconstruction of the damaged or destroyed property according to plans and specifications prepared by the Authority's Engineer and shall collect and apply, or cause to be applied, the proceeds of such insurance to the cost of such repair, replacement, or reconstruction. East Coventry hereby assigns to PAWC all rights it has with respect to the Authority's insurance obligations in the Authority Agreement.

8.4 PAWC agrees to indemnify and save East Coventry harmless from any claim for "Losses", as such term is defined in the Purchase Agreement, arising from or relating to the maintenance and operation of the PAWC/EC Interconnect and the Retained System.

9) NOTICES

Notices required herein or as may be necessary during this Agreement shall be deemed made if sent to the parties at the following addresses. A party may change its address by notifying the other via certified mail.

Township of East Coventry
855 Ellis Woods Road,
Pottstown, PA 19465 Mechanicsburg, PA 17055

Pennsylvania-American Water Company
852 Wesley Drive,

10) PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

The parties recognize and expressly agree that the consummation of this transaction is conditioned upon the Pennsylvania Public Utility Commission (“Pennsylvania PUC”) approval of this Agreement. PAWC covenants and agrees to file the Agreement and faithfully defend if necessary the Agreement in any proceedings (and East Coventry agrees to cooperate in such proceedings) in order to obtain the approval of the Pennsylvania PUC. This provision shall not submit East Coventry to any further jurisdiction of the Pennsylvania PUC than is absolutely necessary to proceed pursuant to this Agreement. East Coventry does not, by this Agreement subject itself to the jurisdiction of the Pennsylvania PUC.

11) OTHER REGULATORY APPROVALS

The parties recognize and expressly agree that the consummation of the transaction is conditioned upon receiving all necessary permits and approvals required by PA DEP and any other state or local agencies.

Each party to this agreement will bear their own costs of obtaining their necessary permits under this Agreement. Furthermore each party agrees to provide any information needed by the other party for submission to PA DEP or any other regulatory or governmental agency in connection with securing permits necessary to fulfill the Agreement.

12) DISPUTES

12.1. In addition to any action that may be brought at law or in equity in a Court of competent jurisdiction, the parties hereto agree that if, at any time, a dispute shall arise between them concerning factual determinations under the terms of this Agreement, the matter of dispute may, by consent of both parties, be:

A. Referred to three (3) independent registered consulting engineers registered in the Commonwealth of Pennsylvania, one to be appointed by PAWC, one to be appointed by East Coventry, and one to be appointed by the two appointees so selected.

B. Provided, however, that in the event such appointees cannot agree on the third arbitrator, the President Judge of the Court of Common Pleas of Chester County; Pennsylvania, shall, upon petition of both parties, appoint the third arbitrator.

C. If the parties have mutually agreed to submit a matter to arbitration, the Decision or Award of the majority of such arbitrators shall be final and binding upon the parties hereto, and their respective successors and assigns. East Coventry and PAWC shall each pay the costs of its own appointee and one-half of the costs of the third arbitrator.

13) TERM; AMENDMENTS

13.1. This Agreement shall be effective from the date of signing by all parties until terminated by mutual written consent of PAWC and East Coventry.

13.2. Amendment. This Agreement may be amended from time to time by written consent of the parties to this Agreement.

14) ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and to the respective successors or assigns thereof. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give to any person, firm, corporation, or association other than the parties hereto, any right, remedy or claim, under or by reason of the Agreement or any covenant, condition or stipulation thereof; and this Agreement and covenants, conditions and stipulations set forth herein are and shall be for the sole and exclusive benefit of the parties hereto, their respective successors and assigns. None of the parties hereto shall assign or sublet this Agreement or any of its rights hereunder without the prior written consent of the parties hereto.

15) MISCELLANEOUS

15.1. Inspection. Each party to this Agreement shall provide the others, from time to time, all information relevant and appropriate to the proper administration of their respective responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as, may be reasonably requested, and each shall, at all reasonable times and from time to time, permit their representatives to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

15.2. Force Majeure. Notwithstanding any other provision of this Agreement, no party to this Agreement shall be responsible for damages to any other for any failure to comply with this Agreement resulting from an act of God or looting(?), sabotage, public calamity, flood, strike, acts of terrorists, breakdown of the Authority's wastewater treatment plant, or other event beyond its reasonable control. The party having the responsibility for the facilities affected, however, shall proceed promptly to remedy the consequences of such event, with costs to be shared to the extent provided elsewhere herein.

15.3. Severability. Should any provision hereof for any reason be held illegal or invalid; no other provision of this Agreement shall be affected; and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

15.4. Headings. The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision hereof.

15.5. **Effective Date.** This Agreement shall become effective as of the date of execution and delivery hereof by the parties hereto.

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

15.7. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

15.8. **Modification.** This Agreement may not be modified or amended except in a writing signed by the parties hereto.

15.9. **Pennsylvania Law.** This Agreement shall be construed according to, be subject to, and be governed by the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, East Coventry and PAWC, intending to be legally bound hereby, have hereunto set their respective hands and seals the day and year first above written.

TOWNSHIP OF EAST COVENTRY

ATTEST:

_____ (Seal)

By: _____

**PENNSYLVANIA-AMERICAN
WATER COMPANY**

ATTEST:

_____ (Seal)

By: _____

Exhibit A – Agreement Among North Coventry Municipal Authority and North Coventry
Township and East Coventry Township, dated January 27, 2004

AGREEMENT

among

**NORTH COVENTRY MUNICIPAL
AUTHORITY**

and

NORTH COVENTRY TOWNSHIP

and

EAST COVENTRY TOWNSHIP

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AGREEMENT

THIS AGREEMENT, made this 27th day of January, A.D. 2004, by and among:

NORTH COVENTRY MUNICIPAL AUTHORITY, a Pennsylvania Municipality Authority, whose office is located at 1485 East Schuylkill Road, Pottstown, North Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "Authority"); and

NORTH COVENTRY TOWNSHIP, a Pennsylvania Township of the Second Class, whose office is located at 845 South Hanover Street, Pottstown, North Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "North Coventry"); and

EAST COVENTRY TOWNSHIP, a Pennsylvania Township of the Second Class, whose office is located at 855 Ellis Woods Road, Pottstown, East Coventry Township, Chester County, Pennsylvania, (hereinafter referred to as "East Coventry"),

WITNESSETH:

WHEREAS, Authority has constructed, owns, and is operating a municipal wastewater collection system, a wastewater treatment plant, and related facilities in North Coventry Township, Chester County, Pennsylvania; and

WHEREAS, the Authority's wastewater treatment plant has received a Permit from the Pennsylvania Department of Environmental Protection (hereinafter referred to as "DEP") to treat up to 1,500,000 gallons of wastewater per day; and

WHEREAS, East Coventry and North Coventry are located in the northern portion of Chester County, both having a northern border along the Schuylkill River, and both sharing a common municipal boundary line; and

WHEREAS, East Coventry has adopted an Act 537 Sewage Facilities Plan, identifying a need for wastewater treatment plant capacity for 510,000 gallons of wastewater per day from portions of East Coventry Township which are experiencing malfunctioning on-site sewer systems and demands for new development; and

WHEREAS, Authority and North Coventry have determined that the currently remaining treatment capacity of the Authority's wastewater treatment plant must be retained for property owners within North Coventry Township; and

WHEREAS, East Coventry has agreed to provide all construction and non-construction costs, as well as all other related expenses, for the Authority's expansion of the Authority's existing wastewater treatment plant to provide for 510,000 gallons per day of additional

wastewater treatment capacity (hereinafter referred to as "Treatment Plant Expansion Project" or "Project"); and

WHEREAS, Authority and North Coventry have agreed that Authority should construct the required additional facilities for the Treatment Plant Expansion Project to increase the Authority's Permit by 510,000 gallons per day and to provide for treatment of up to 510,000 gallons of wastewater per day from East Coventry; and

WHEREAS, in addition to paying all of the costs for the Treatment Plant Expansion Project, (estimated at \$2,353,000.00) which represents only a minor expansion of the Authority's facilities because existing treatment units and infrastructure can be utilized for the additional capacity, East Coventry has agreed to pay its proportionate share of the net costs for East Coventry's use of the Authority's existing treatment facilities and infrastructure, as well as the purchase by Authority of additional land, with East Coventry's proportionate share being One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00); and

WHEREAS, East Coventry will be constructing its own wastewater collection system within East Coventry Township for the conveyance of wastewater to the Authority's wastewater treatment plant; and

WHEREAS, North Coventry Municipal Authority and North Coventry Township are agreeable to providing East Coventry Township with not more than 800 EDU's of treatment capacity during the period from signing the Agreement through construction to satisfy and accommodate East Coventry in accordance with the terms and provisions of this Agreement.

WHEREAS, the parties further wish to establish the sharing of the operation and maintenance costs of the Authority's expanded wastewater treatment plant after the completion of the Project; and

WHEREAS, the parties wish to establish the sharing of the costs of future repairs, replacements, and upgrades to the Authority's wastewater treatment plant after completion of the Project.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

Definitions

1.1. Terms and phrases defined in this Section 1.01, for all purposes of this Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

"AADF" shall mean Annual Average Daily Flow, a measurement of wastewater flow expressed in gallons per day, determined by dividing the total wastewater flow (in gallons) under consideration during a calendar year by the actual number of days in such year.

"Act 537" shall mean the Pennsylvania Sewage Facilities Act of January 24, 1966, P.L. (1965) 1535, No. 537, as amended, 35 P.S. §750.1, et seq.

"Act 537 Sewage Facilities Plan" shall mean the comprehensive plan, including all revisions thereto, for the provision of adequate sewage systems adopted by East Coventry and North Coventry, respectively, and submitted to and approved by DEP as provided in and by Act 537 and the regulations of DEP promulgated thereunder.

"Agreement" shall mean this document, its Exhibits, and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with provisions hereof, which phrase sometimes is referred to in this document by use of such words as "hereto", "hereby", "herein", "hereof" or "hereunder".

"Authority" shall mean North Coventry Municipal Authority, a municipality authority incorporated pursuant to the provisions of the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented.

"Authority's Treatment Plant" shall mean all facilities which shall be owned and operated by Authority, from time to time, for the treatment and disposal of wastewater, together with any additions or alterations therein.

"Authority's Wastewater System" shall mean the existing wastewater system, including, but not limited to, all interceptors, collection sewers, and pump stations, the Authority's Treatment Plant, and all related facilities, from time to time, connected therewith, located in and servicing North Coventry and all future additions and alterations thereto, exclusive of the East Coventry Wastewater Collection System; as that term is hereinafter defined.

"Board" shall mean the governing body of the Authority.

"Construction Fund Account" shall mean the special bank account to be established and maintained by the Authority under Section 4.9 of this Agreement and to be used for the payment of all expenses of the Treatment Plant Expansion Project.

"Cost of Treatment Per Gallon" shall mean the quotient obtained by dividing the cost for operation of the wastewater treatment plant during a given period of time by the number of gallons discharged by the plant during the same period of time.

"DEP" shall mean Department of Environmental Protection of the Commonwealth of Pennsylvania or its successor agency.

“Domestic Wastewater” shall mean the normal water-carried household and toilet wastes or wastewater from single or multi-family residences, buildings, structures, businesses, institutions, commercial establishments, and industrial establishments, specifically excluding industrial waste used in production of any commercial or industrial product or water to which there is any contribution of any deleterious, hazardous, toxic, or other waste as may be designated from time to time by the Ordinances, Resolutions, or administrative requirements adopted by the Board of the Authority.

“East Coventry” shall mean the Township of East Coventry, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, acting by and through its Board of Supervisors and, in appropriate cases, acting by and through its authorized representatives.

“East Coventry Wastewater Collection System” shall mean the wastewater collection system to be constructed in the Township of East Coventry, which will be owned and operated by East Coventry, and which will convey and transport wastewater so collected to the Authority’s Treatment Plant under and in accordance with this Agreement.

“EDU” shall mean Equivalent Dwelling Unit, a measure of wastewater flow anticipated for planning purposes to be received from each Residence. For the purposes of this Agreement, the flow for each EDU shall be calculated as 300 gallons per day.

“Engineer” shall mean a Person, who shall be Independent, appointed by the Board of the Authority or the Board of Supervisors of a Township, qualified to pass upon engineering questions relating to wastewater systems and having a favorable reputation for skill and experience in connection with construction and operation of wastewater systems. If such Person shall be an individual, he shall be a professional engineer duly registered under laws of the Commonwealth of Pennsylvania. If such Person shall be a partnership, a corporation, or an association, it shall have a partner, officer, employee or member who is a professional engineer duly registered under laws of the Commonwealth.

“EPA” shall mean the United States Environmental Protection Agency, or, where appropriate, the Administrator or other duly authorized official of said agency or its successor agency.

“Flow Proportioned Composite Sample” shall mean a sample of wastewater taken in proportion to the volume of flow in not greater than one hour increments for a specified period of time in order to accurately represent the wastewater characteristics in the total volume of wastewater being sampled.

“GPD” shall mean gallons per day of wastewater, calculated as total gallons recorded in a particular time period expressed in days divided by the total number or fractional part of days in the same time period.

"Grab Sample" shall mean an individual sample of at least 100 milliliters collected at a randomly-selected representative time over a period not exceeding 15 minutes (or as subsequently defined and amended by DEP relative to NPDES permits).

"Improved Property" shall mean any property, tract, lot, or parcel of real estate upon which is situate an occupied or occupiable structure, building, establishment, use, or activity consistent with the statutes of the Commonwealth of Pennsylvania, as would require wastewater facilities planning, service, and/or improvements as therein defined in Act 537, or other statutes of the Commonwealth of Pennsylvania, as amended.

"Independent" shall mean, with respect to an Engineer, a Person who is not a member of the Board, an officer or employee of the Authority or an elected or appointed official or employee of East Coventry or North Coventry Township, or which is not a partnership, a corporation or an association having a partner, director, officer, member or substantial stockholder who is a member of the Board, an officer or employee of the Authority or an elected or appointed official or employee of either Township; provided, however, that the fact that such Person is retained regularly by the Authority or the Municipality shall not make such Person an employee within the meaning of this definition.

"Industrial Establishment" shall mean any improved property used or intended for use, wholly or in part, for the manufacturing, processing, cleaning, laundering, or assembly of any product, commodity, or article, or any other improved property from which wastes, in addition to other than domestic wastewater, shall or may be discharged, and further subject to the terms, conditions, and provisions hereinafter set forth regarding industrial waste receipt, conveyance, pre-treatment, or treatment.

"Industrial Waste" shall mean any solid, liquid, or gaseous substance or form of energy emitted, expelled, exhausted, rejected, or escaping in the course of any industrial, manufacturing, trade, or business process, or in the course of the development, recovery, or processing of natural resources, as distinct from Domestic Wastewater, as that term is herein defined.

"Maximum Monthly Average Daily Flow" shall mean a measurement of wastewater flow expressed in gallons per day, determined by dividing the total wastewater flow (in gallons) under consideration by the number of days since the last recorded monthly reading, generally 31 days.

"MGD" shall mean million gallons per day of wastewater, calculated as the total gallons expressed in millions of gallons recorded in a particular time period divided by the total number or fractional part of days in the same time period.

"Month" shall mean a calendar month consisting of the days in the particular month (i.e. February has 28 or 29 days, depending upon leap year or not. April, June, September and November have 30 days, with the remaining months having 31 days).

“North Coventry” shall mean the Township of North Coventry, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, acting by and through its Board of Supervisors and, in appropriate cases, acting by and through its authorized representatives.

“NPDES (National Pollution Discharge Elimination System) Permit” shall mean a permit or equivalent document or requirement issued pursuant to Section 402 of the Federal Water Pollution Control Act, also known as the Clean Water Act, 33 U.S.C.A. §1342.

“Project” shall mean the Treatment Plant Expansion Project.

“Residence” shall mean any room, group of rooms, motel unit, mobile home, or other enclosure occupied or intended for occupancy as separate living quarters by a family or other group of persons living together or by persons living alone, and shall include townhouse units, condominium units, apartment units, and apartments in converted single family dwellings, each such unit being deemed a single residence.

“Treatment Plant Expansion Project” or **“Project”** shall mean the expansion of the Authority’s Treatment Plant, as the same now exists, as such expansion is contemplated and provided for under and by this Agreement.

“Wastewater” shall mean liquid and water carried Industrial Waste or Domestic Wastewater from dwellings, commercial buildings, industrial facilities and institutions, together with any groundwater, surface water and storm water that may be present, whether treated or untreated, which is contributed into or permitted to enter the Authority’s Treatment Plant.

“24-Hour Composite Sample” shall mean a combination of at least eight-sample aliquots of at least 100 milliliters, collected manually or automatically at periodic intervals during the operating hours of a facility over a 24-hour period. The composite must be flow proportional which can be achieved by one of three ways:

(1) Constant sample volume taken at time intervals, between samples, that are proportional to the discharge flow.

(2) Constant time intervals between samples, with varying sample volume proportional to total discharge flow at the time of sampling.

(3) Constant time intervals between samples with varying sample volume proportional to total discharge flow since the last sample was taken.

(or as subsequently defined and amended by DEP relative to NPDES permits).

ARTICLE II

Act 537 Plan Revisions

2.1. North Coventry agrees that the Authority should prepare and present to North Coventry a revision to North Coventry's Act 537 Sewage Facilities Plan for adoption, providing for Authority's wastewater treatment plant capacity to be increased to 2,010,000 gallons per day and to provide for the Authority's wastewater treatment plant to treat up to 510,000 gallons per day of wastewater from East Coventry.

2.2. East Coventry agrees to revise its Act 537 Sewage Facilities Plan to provide for up to 510,000 gallons per day of wastewater from East Coventry to be treated at the Authority's wastewater treatment plant, upon the capacity of the Authority's wastewater treatment plant being increased to 2,010,000 gallons per day, and upon the completion of the Treatment Plant Expansion Project.

2.3. Each party agrees to further amend its Act 537 Plans to be consistent with any approvals required by the Pennsylvania Department of Environmental Protection. Each party shall endeavor to achieve approval by the Pennsylvania Department of Environmental Protection of the capacities stated above.

2.4. Each party shall attempt to implement its Act 537 Selected Plan Alternative in accordance with the proposed schedule found in Section 4.12 of this Agreement.

2.5. Each party to this Agreement agrees to prepare and submit an application for a Fifty Per Cent (50%) reimbursement provided by the Pennsylvania Department of Environmental Protection for preparation of Act 537 Plans and Special Studies.

2.6. East Coventry agrees to pay all costs incurred by North Coventry and Authority in planning and revising North Coventry's Act 537 Sewage Facilities Plan as the Plan relates to East Coventry Township. East Coventry shall have the opportunity to review and comment on the North Coventry/Authority Engineer's estimated cost to prepare an Act 537 Plan for North Coventry. These costs shall be a part of the non-construction costs hereinafter required to be paid by East Coventry.

ARTICLE III

Treatment Plant Expansion

3.1. Authority agrees that, provided East Coventry performs all of its obligations under this Agreement and pays to the Authority all amounts required under this Agreement, and upon obtaining the required approvals of DEP, the Authority will construct an expansion of the Authority's wastewater treatment plant, as described in this Agreement, and Authority will, upon

completion of the Treatment Plant Expansion Project, accept and treat, in accordance with applicable regulations and permits, an amount of wastewater from East Coventry not to exceed an Annual Average Daily Flow, "AADF", of 510,000 gallons of wastewater per day, subject to the terms of this Agreement.

ARTICLE IV

Procedures to Implement Treatment Plant Expansion

4.1. The Authority's Engineer, Spotts, Stevens and McCoy, Inc., has prepared an opinion of estimated expansion project costs to increase the plant capacity for the Authority's wastewater treatment plant to 2,010,000 gallons per day. This opinion was last revised on December 3, 2001, to increase the total estimated Treatment Plant Expansion Project costs to \$2,353,000.00. A copy of the December 3, 2001, cost opinion is attached hereto as Exhibit "A" and made a part hereof. The estimated Project costs listed below shall be revised in accordance with the Act 537 Plans of North Coventry and East Coventry Townships as approved by the Pennsylvania Department of Environmental Protection. The components of the cost opinion are as follows:

Opinion of probable construction costs	
Major process units	\$1,475,200.00
Bonds and insurance (2%)	29,504.00
Mobilization, demobilization (1.5%)	22,128.00
General conditions (4%)	<u>59,008.00</u>
Total Opinion of probable construction costs	\$1,585,840.00
20% construction contingency	317,160.00
Non-construction (budget value only)	<u>450,000.00</u>
Total estimated expansion project costs	\$2,353,000.00

4.2. The costs associated with increasing the capacity of the Authority's treatment plant consist of both construction and non-construction costs. Non-construction costs include, but are not limited to, planning, legal, design, preparation of this Agreement, permitting, bidding, redesign and rebidding (if necessary), construction observation, contract administration, testing, start-up, auditor's fees, permit fees, and all other similar Project expenses.

4.3. East Coventry has requested to connect to the Authority's Treatment Plant shortly after the execution of this Agreement to receive the immediate benefit of wastewater treatment before the Treatment Plant Expansion Project scope and costs are fully known or the construction is completed. There is a risk that the scope, costs and completion time could change substantially as the Project develops. No planning, design or permitting has yet been prepared or approvals obtained. No preliminary treatment requirements for the Expansion Project have been received. No bids for the Expansion Project have been received. The premise of the Project is that all

regulatory approvals can be obtained, and the concept for the plant expansion is based on 2001 regulations. East Coventry is to be solely responsible for the payment of all actual construction and non-construction costs of the Treatment Plant Expansion Project, which may be greater than or less than the estimated Project costs stated above in Section 4.1. The estimated costs of the Expansion Project identified above are cost opinions currently based on limited detail. East Coventry will be responsible for the payments due for all change orders and all other costs and expenses that arise during the course of the Expansion Project. Neither North Coventry nor the Authority will be responsible for the payment of any of the Treatment Plant Expansion Project costs.

4.4. East Coventry will pay Authority Three Hundred Thousand Dollars (\$300,000.00) at the time of the signing of this Agreement, which amount is meant to be used for the payment of the engineering and other non-construction costs of the Treatment Plant Expansion Project anticipated through the time of the receipt of construction bids. This amount is to be placed in a separate Construction Fund Account by Authority and is to be used by Authority for the payment of actual invoices and costs incurred in proceeding with the engineering fees, legal fees, permits, and administration costs of the Treatment Plant Expansion Project. Payments will be made upon approval by Authority of Requisitions submitted. Copies of approved Requisitions with supporting documentation will be provided to East Coventry.

4.5. After the execution of this Agreement and the Authority's receipt of the Three Hundred Thousand Dollars (\$300,000.00) required in Section 4.4 above, the Authority's Engineer will begin the preparation of the requirements for DEP approval, design for bidding, and the bidding and contract drawings, specifications, and documents for the Treatment Plant Expansion Project, in accordance with the preliminary Anticipated Implementation Schedule in Section 4.12 hereafter. Updated estimates of project costs (i.e. updated construction cost opinions, plus updated estimates of non-construction costs) shall be provided by Authority to East Coventry at the following stages of the Expansion Project:

- A. 30 days after completion of Preliminary Design Report. The Report will be based upon the Part 1 NPDES discharge permit issued by the Pennsylvania Department of Environmental Protection;
- B. 30 days after submittal of the Water Quality Management Part 2 Permit application to the Pennsylvania Department of Environmental Protection;
- C. 30 days prior to advertising for bids;
- D. 30 days after receipt of bids.

East Coventry will be given the opportunity to review the design and bidding documents. East Coventry may make suggestions concerning these documents, but the decision concerning the final design, specifications, and bidding documents shall be made solely by Authority.

4.6. After receipt of bids, and provided that the total of the construction contract bids received from the apparent lowest responsible bidders does not exceed One Hundred Ten Per Cent (110%) of the last updated opinion of probable construction costs issued by the Authority's Engineer prior to bidding, the Authority may proceed with the awarding of the construction contracts without any approval from East Coventry.

4.7. If, after receipt of bids, the total of the construction contract bids received from the apparent lowest responsible bidders does exceed One Hundred Ten Per Cent (110%) of the last updated opinion of probable construction costs issued by the Authority's Engineer prior to bidding, Authority and East Coventry shall review the bids received and collectively evaluate what revisions, if any, may be possible to reduce the cost of the construction contracts. If, within forty (40) days of the receipt of bids, both the Authority and East Coventry agree that the contracts should be awarded based upon the bids received, the Authority shall proceed with the awarding of the construction contracts.

If it is necessary to redesign the plant expansion and/or rebid the construction contracts, a revised opinion of probable construction costs shall be issued by the Authority's Engineer. After receipt of the "rebid", and provided that the total of the construction contract bids received from the apparent lowest responsible bidders does not exceed One Hundred Ten Per Cent (110%) of the revised opinion of probable construction costs issued by the Authority's Engineer prior to the "re-bidding", the Authority may proceed with awarding of the construction contracts without any approval from East Coventry.

If, after receipt of the "rebid", the total of the construction contract bids received from the apparent lowest responsible bidders does exceed One Hundred Ten Per Cent (110%) of the revised opinion of probable construction costs issued by the Authority's Engineer prior to rebidding, East Coventry agrees that it will either:

A. Within forty (40) days of the receipt of the rebids, agree that the Authority proceed to award the construction contracts.

B. Stop any further connections to East Coventry's collection system that discharge into the Authority's system, until the Treatment Plant Expansion Project is funded at One Hundred Ten Per Cent (110%) of the total construction contract bid amounts. (Note: the solution to the eventual funding may be the result of further redesign, further rebidding, and/or further negotiation and cost sharing between the parties, or other alternatives, etc.)

4.8. Within thirty (30) days after the award of the construction contracts by the Authority, East Coventry agrees to pay to the Authority any additional sum of money necessary to provide that the Authority's Construction Fund Account contains a balance at least equal to the remaining estimated non-construction Project costs and One Hundred Ten Per Cent (110%) of the Project construction costs (based upon the construction contracts awarded).

4.9. The amounts paid by East Coventry to the Authority under Sections 4.4, 4.8, and 7.4(B) of this Agreement will be placed in the Authority's Construction Fund Account by the Authority, and will be used by the Authority for the payment of construction costs, non-construction costs, change orders, and related Treatment Plant Expansion Project expenses. The Construction Fund Account shall be an interest-bearing account, with interest being used for the Project costs. Payments will be made from the Construction Fund Account upon the approval of the Authority of Requisitions submitted. Copies of Requisitions with supporting documentation scheduled for action by the Authority will be provided to East Coventry seven (7) days prior to the Authority meeting where action is scheduled to be taken on the Requisitions.

The Authority's Engineer shall monitor the balance remaining in the Construction Fund Account, and compare the remaining balance with the amount of work, including change orders, remaining to complete the Project. If, during the construction phase of the Treatment Plant Expansion Project, the amount remaining in the Construction Fund Account is less than the amount at any time or times determined by the Authority's Engineer to be needed to complete the wastewater Treatment Plant Expansion Project, East Coventry will pay to Authority the additional amount or amounts determined by the Authority's Engineer and the Authority to be necessary. The additional amount(s) are to be paid by East Coventry within thirty (30) days of the notification from the Authority to East Coventry of the additional amount(s) which, from time to time, are necessary.

4.10. After the Certificate of Substantial Completion has been issued by the Authority's Engineer and approved by the Authority, East Coventry will be a bulk customer of the Authority's expanded wastewater treatment plant, subject to the limitations in this Agreement. The Authority shall, at all times, be the sole owner of the original treatment plant facilities and of all of the additional treatment plant facilities constructed during the Treatment Plant Expansion Project.

4.11. After final payment to all of the construction contractors, the Authority's Engineer will issue a Report of Final Project Costs. Provided that all payments required by this Agreement have been made by East Coventry to Authority, after approval by the Authority of the Report of Final Project Costs, any balance remaining in the Construction Fund Account, including remaining interest, if any, shall be paid to East Coventry.

4.12. Anticipated Implementation Schedule. A preliminary schedule for implementing the Project is included in this Section. The schedule is labeled "preliminary" at this time because the full scope of some activities is not fully known, nor is the response time from governmental and regulatory agencies known. The schedule is subject to change as the Project develops.

<u>Task</u>	<u>Estimated Duration (months)</u>	<u>Cumulative Time (months)</u>
1 - DEP conditional approval of E. Coventry Act 537 Plan	---	---
2 - Intermunicipal Agreements executed	---	---
3 - Approval to receive limited flow from East Coventry prior to completion of Expansion Project (Note 1)	---	---
4 - Prepare and submit N. Coventry Act 537 Plan of Study	1	---
5 - DEP approval of N. Coventry Act 537 Plan of Study	2	start of time
6 - Prepare N. Coventry Act 537 Plan for Plant Expansion	3	3
7 - DEP review and approval of N. Coventry Act 537 Plan	4	7
8 - Design, permit applications, bid documents (12 month duration)		
8(a) Preliminary Design Report and 30% Design Review	4	11
8(b) 60% Design Review	3	14
8(c) Submit Part 2 Permit Application to DEP	2	16
8(d) 95% Design Review	(2)	
9 - DEP review complete, all permits issued	4	20
8(e) Finalize Plans, Specifications, and Bid Documents	1	21
10 - Authorization to advertise for bids	1	22
11 - Copy, distribute documents, receive bids	2	24
12 - Review bids, bid recommendation	1	25
13 - Notice to East Coventry of required funds, if any	---	25
14 - Receipt of project funds from East Coventry (30 days)	1	27
15 - Issue Notice of Award to lowest responsible bidders	---	27
16 - Preparation, review, execution of contract documents	2	29
17 - Issue Notice to Proceed	1	30
18 - Construction (14 month duration)		
18(a) 30% Construction review	4	34
18(b) 60% Construction review	4	38
18(c) Substantial Completion, Certificate of Substantial Completion to be issued, full flow allocation for East Coventry now		

available	4	42
18(d) Final inspection, final payment to contractors	2	44
19 - Project complete, Report of Final Project Costs to be issued, unused project funds returned	1	45

Notes:

(1) Beginning of actual discharge of flow from East Coventry is dependent on construction of certain East Coventry conveyance facilities. That construction will occur concurrently with the Expansion Project, but does not further impact completion of the above tasks.

ARTICLE V

Payment to Authority for Share of Existing Facilities

5.1. The Authority has determined that the net cost basis of the Authority's existing treatment plant facilities is Five Million Six Hundred Thirty-eight Thousand Four Hundred One Dollars (\$5,638,401.00). This cost basis is calculated based upon the actual expenditures at the treatment plant since 1960 and escalated to September, 2002 values, as provided in Exhibit H.

5.2. In addition to all amounts required to be paid by East Coventry to Authority for the Treatment Plant Expansion Project, East Coventry agrees to pay to Authority One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00), which represents East Coventry's contribution toward the portion of the Authority's existing wastewater treatment plant anticipated to be used by East Coventry and East Coventry's contribution toward the Purchase Price of the additional 4.45 acres of land being purchased by the Authority from East Coventry Township. The required payment of One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) is based upon East Coventry's allocation of 510,000 gallons of available treatment capacity per day of the 2,010,000 gallons per day total treatment plant capacity available after completion of the Treatment Plant Expansion Project. East Coventry's 25.4% of \$5,638,401.00 equals \$1,432,154.00, together with \$31,750.00 toward the land acquisition, for a total of \$1,463,904.00, which is rounded to \$1,464,000.00. East Coventry agrees to pay to the Authority the \$1,464,000.00 as follows:

(a) \$1,250,000.00 at the same time as East Coventry is required to pay to the Authority the 110% of the total of the construction contract bid amounts received from the apparent lowest responsible bidders for all of the required construction contracts under Sections 4.6 and 4.7 of this Agreement.

(b) \$214,000.00 on or before thirty (30) days after the issuance of the Certificate of Substantial Completion by the Authority's Engineer.

In accordance with the provisions of Section 7.4 of this Agreement, payment by East Coventry for sewer permits in excess of the Project construction costs and Project non-

construction costs shall be credited against the above \$1,464,000.00. The above payments, as received, will be deposited to the Authority's accounts.

5.3. The payment by East Coventry of One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) is a fixed cost, and is not subject to further cost escalation after execution of this Agreement.

5.4. All of the Authority's existing treatment plant facilities shall continue to be solely owned by the Authority. No payments made by East Coventry pursuant to any provision of this Agreement shall entitle East Coventry to ownership of the existing or expanded treatment plant, or any interest therein, except for the treatment capacity as expressly granted to East Coventry pursuant to this Agreement.

ARTICLE VI

East Coventry Sewer System

6.1. East Coventry shall, at its sole cost and expense, construct its own wastewater collection facilities within East Coventry Township. The East Coventry wastewater collection system shall be solely owned by East Coventry, and East Coventry will be responsible for the proper repair and maintenance of the East Coventry wastewater collection system.

6.2. East Coventry's Engineer shall inspect the construction of the East Coventry wastewater collection system, and shall, upon completion of each section of construction of the East Coventry conveyance/collection system, issue a written Certificate of Completion to East Coventry and the Authority for each section of the construction which could discharge wastewater for treatment that this section of the East Coventry wastewater collection system has been properly completed and is available for conveyance of wastewater to the Authority's wastewater treatment plant.

6.3. East Coventry's wastewater collection system shall connect to the Authority's treatment plant facilities at a location or locations approved by the Authority.

6.4. East Coventry service area is the East Coventry Act 537 Plan sewer service area as approved by the Pennsylvania Department of Environmental Protection. The initial service area proposed by East Coventry is generally north of Bickel's Run and north of Pigeon Creek and within the East Coventry Township boundaries, as shown on Exhibit "C" attached hereto. Nevertheless, East Coventry may not exceed the flow limitations of this Agreement, or any modifications thereto.

6.5. Existing Improved Properties located in East Coventry Township which are currently connected to the Authority's wastewater collection and treatment system will remain customers of the Authority and will not become customers of East Coventry. The flows from

these Improved Properties will not be included as a part of the East Coventry flow allocation under this Agreement.

ARTICLE VII

Acceptance of East Coventry Sewage Flows Prior to Completion of Treatment Plant Expansion Project

7.1. The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. East Coventry agrees with the use of 300 gallons per day per EDU for the period prior to the completion of the Treatment Plant Expansion Project.

7.2. Within 120 days of the date of this Agreement, East Coventry shall purchase sewer connection permits from the Authority for 800 EDU's of capacity by payment to the Authority of Four Million Six Hundred Thousand Dollars (\$4,600,000.00). Credit shall be given to East Coventry for the Three Hundred Thousand Dollars (\$300,000.00) paid under Section 4.4 of this Agreement. Upon receipt of the net payment of Four Million Three Hundred Thousand Dollars (\$4,300,000.00), the Authority shall issue a bulk sewer permit for these 800 EDU's. East Coventry, in its sole discretion, shall thereafter allocate the EDU's which East Coventry has purchased to those property owners within East Coventry Township. East Coventry shall give written instructions from its Township Secretary to North Coventry Township and the Authority to sign sewer modules for specific projects within East Coventry Township which have been allocated wastewater capacity by East Coventry as a part of the 800 EDU's purchased herein, and stating the number of EDU's allocated to that particular project by East Coventry.

7.3. The Authority agrees to begin accepting wastewater from the East Coventry collection system upon approval of sewer planning modules from East Coventry projects by DEP and upon the receipt of the Certificate of Completion by East Coventry's Engineer that the East Coventry wastewater collection system has been properly completed.

7.4. Upon receipt of the Four Million Three Hundred Thousand Dollar (\$4,300,000.00) payment from East Coventry, the Authority shall:

A. Deposit One Million Four Hundred Sixty-four Thousand Dollars (\$1,464,000.00) as funds of the Authority, which represents the amount required to be paid by East Coventry as its contribution under Article V of this Agreement.

B. Deposit Two Million Eight Hundred Thirty-six Thousand Dollars (\$2,836,000.00) into the Authority's Construction Fund Account to be credited by the Authority against the payments required to be made by East Coventry for the Project construction costs and the Project non-construction costs that are required to be paid by East Coventry under Article IV of this Agreement.

7.5. Until completion of the Treatment Plant Expansion Project, East Coventry shall give no allocation to industrial users discharging process wastewater that would require pre-treatment of sewage effluent and wastewater in accordance with the United States Environmental Protection Agency (U.S. EPA) guidelines, procedures and categorical standards published in 40 CFR and future revisions thereto.

7.6. By the 10th day of each month after East Coventry has begun to allow connections to its wastewater collection system, East Coventry will provide the Authority with a written report of the number of single family units and other EDU's which have been connected to the East Coventry wastewater collection system during the previous month and the date of each connection based upon "Use and Occupancy Permits" as have been issued for the particular uses connected to the East Coventry Township collection and conveyance system. Sewer rental bills during the first quarter that an EDU is connected will be pro-rated on a daily basis in that quarter, beginning with the date that the East Coventry Township's Use and Occupancy Permit was issued. Quarterly bills for all connections made to the East Coventry wastewater collection system will be sent as a bulk bill to East Coventry on or about the 15th day following each calendar quarter. In computing the bill to East Coventry, the amount of the quarterly sewer rental for each EDU connected to the East Coventry wastewater collection system will be the same amount charged by the Authority to its customers (currently One Hundred Dollars {\$100.00} per quarter). Payment of invoices shall be as stated in Section 10.7 of this Agreement. These quarterly EDU charges to East Coventry shall continue until the Authority's Engineer has issued the Certificate of Substantial Completion for the Treatment Plant Expansion Project.

7.7. The maximum available EDU's for purchase by East Coventry shall remain at 800 EDU's until the Certificate of Substantial Completion has been issued by the Authority's Engineer for the Treatment Plant Expansion Project.

7.8. Until such time as the Certificate of Substantial Completion of the Treatment Plant Expansion Project has been issued, it is recognized that the capacity for the Authority's treatment plant to accept wastewater from East Coventry Township could be limited by committed EDU's within North Coventry Township and the actual flows recorded at the Authority's wastewater treatment plant. East Coventry releases Authority, and its Board members, from any and all claims, actions, causes of action, of any kind whatsoever, both in law or in equity, that East Coventry now has or may have, should the Authority be unable to accept wastewater flow from East Coventry in accordance with this Agreement because of delays in the completion of the construction of the expansion of the Authority's treatment plant, the certification that the treatment plant has been completed, or because of a prohibition, ban, or restriction from accepting new connections to the Authority's sewer treatment plant imposed by the County of Chester, the Commonwealth of Pennsylvania, the DEP, the Environmental Protection Agency, or any other department or agency of the Commonwealth of Pennsylvania or the United States of America, or any governmental unit, agency, or subdivision thereof, whatsoever. All projections and evaluations shall be performed by the Authority or its Engineer in accordance with Title 25, Chapter 94, of the Pennsylvania Department of Environmental Protection Rules and Regulations in effect at the time the evaluation is performed.

7.9. At any time that the treatment plant, after completion of the Project, is re-permitted at a higher capacity, then the excess of such total actual capacity over the designed and rated capacity shall be allocated Seventy-four and Six-Tenths Per Cent (74.6%) to Authority and Twenty-five and Four-Tenths Per Cent (25.4%) to East Coventry. Likewise, after the completion of the Project, if the total actual treatment plant capacity shall be less than the design or rated capacity of the upgraded treatment plant due to a change in regulations to more stringent effluent standards or to other causes beyond the control of the Authority, then such reduced capacity shall be similarly allocated, Seventy-four and Six-Tenths Per Cent (74.6%) reduction to Authority and Twenty-five and Four-Tenths Per Cent (25.4%) reduction to East Coventry, as a reduction in the respective capacities after the completion of the Project.

ARTICLE VIII

Flow Metering and Wastewater Sampling

8.1. All wastewater flow discharged from one party's system into another party's system shall be metered. Flow meters shall be the continuous measuring type that establishes daily flow measured as gallons per day, that include a totalizer and recording chart and may utilize digital recording of flow data with telemetering.

A. All flow that is pumped or flow that is under pressure in a pipeline shall utilize a magnetic flow meter having a minimum system accuracy at the metering point of plus or minus three per cent of actual flow (metering system includes primary measuring element, transmitter, totalizer, recorder and re-transmitter.)

B. All flow that is not pumped, and is conveyed by gravity, shall utilize an area-velocity flow meter having a minimum system accuracy at the metering point of plus or minus five per cent of actual flow (metering system includes primary measuring element, transmitter, totalizer, recorder and re-transmitter). In addition to the area-velocity flow meter, the installation shall include a standard flume (Palmer Bowlus, Parshall or other non-clog design) which shall be used as a calibration standard for the area-velocity flow meter.

Flow meter system accuracy shall be determined as the square root of the sum of the squares of the accuracy statement of each individual component of the system. All flow meter installations shall be installed in accordance with the manufacturer's recommendations and good design practice. Based on the type of meter installation, these recommendations may include requirements for smooth, tranquil upstream flow conditions, smooth, level flow through flumes, free discharge from flumes, minimum length of straight pipe upstream of the primary measuring device, NEMA 4X classification, and corrosion resistance. Flow meter requirements are subject to change to incorporate future improvements in technology and the most recent specifications from the manufacturer.

Flow Metering of East Coventry Flows Discharged Into Authority System

8.2. The East Coventry sewer service area, under consideration in this Agreement, is proposed to be connected to the Authority's wastewater facilities at only one location. That location is at the Authority's wastewater treatment plant. A magnetic flow meter will be installed on the discharge pipe from the East Coventry's collection system, where the pipe enters the wastewater treatment plant. The magnetic flow meter will include a totalizer, recording chart, and meter bypass for maintenance of the meter. The cost of the flow meter is included in the cost for the Treatment Plant Expansion Project.

8.3. Upon completion of construction, the Authority will own any flow meters that measure flow from East Coventry into the Authority system. The Authority shall be responsible to schedule with the meter manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification shall be sent to East Coventry. East Coventry may contest the meter calibration certification report within thirty (30) days of receipt of the meter calibration report. If the meter calibration certification report is not contested within the thirty (30) days, the report shall be deemed accepted, and not subject to further dispute.

8.4. The flow meter shall be owned by the Authority, and the Authority shall be responsible for the operation, maintenance, and replacement of the flow meter. Where clearly identifiable, the costs of operation, maintenance and replacement of the flow meter will be invoiced to East Coventry. Certain costs that are common for all equipment/instruments at the plant, like electric, which is not easily definable for the specific flow meter, will be included in the overall operation and maintenance costs of the treatment plant, which costs will be shared by East Coventry and Authority in accordance with this Agreement.

8.5. In the event the flow meter is out of service, an estimate of flow will be performed by the Authority based on flow records of the recent past. The estimate will incorporate sound engineering principles, and be adjusted as necessary to account for any unique circumstances. Unique circumstances that would require an adjustment to historical flow records, would include items like extreme wet weather events (hurricane, flood), the recent addition of a large number of connections in East Coventry that would not be reflected in the historical flow records, or other circumstances. If the East Coventry sewer service area is serviced by a water system, water meter readings may be utilized to perform the estimate. The Authority will provide an explanation and calculations for any estimated flows.

8.6. East Coventry connections to the Authority's system at additional point(s) other than contemplated in Section 8.2 can only be made upon approval of the Authority. A flow meter will be required at each point(s) of connection. The flow meter shall be similar in all respects to the meter described above. Design and specifications for additional flow meters shall be submitted to the Authority for review and approval. The costs for flow meters at additional connection points than that described in Section 8.2 shall be paid entirely by East Coventry. Once construction is certified to be complete by the Engineer for East Coventry, and the meter is

installed, calibrated, and certified, the Authority will assume responsibility thereafter for calibration and any future maintenance or replacement. The actual costs of calibration, operation, maintenance and replacement of the flow meter will be included in the operating and maintenance costs of the treatment plant to be shared by East Coventry and Authority in accordance with this Agreement.

8.7. If wastewater flows are insufficient at future points of connection to provide an accurate measurement by a flow meter, the amount of flow shall be determined by the Authority. First, the Authority will determine the number of EDU's connected in the non-metered sewer service area of East Coventry. The number of EDU's will be based on the Authority's adopted "Schedule of EDU's for Type of Use". Next, the number of EDU's will then be multiplied by the Authority's then prevailing unit rate of flow for an EDU (currently, the Authority has established 300 gallons per day as the equivalent flow for each residential unit or for each EDU). The resultant product will be the calculated average daily wastewater flow from the non-metered sewer service area in East Coventry.

The calculated average daily wastewater flow will then be multiplied by the number of days in that month to determine the total flow that month from the non-metered sewer service area, which will then be added to the metered flow from the East Coventry collection system to determine the total flow from the East Coventry collection system that is discharged into the Authority's wastewater facilities. This value for total flow will be used in Article 10 to calculate the charges for treatment of East Coventry wastewater.

The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. After completion of the Expansion Project, East Coventry may request the use of a different value, and the Authority will consider the request. Any request to use a different value should include documentation that incorporates sound engineering principles. An example method to calculate the gallons per day for an EDU would be to divide the total recorded daily flow through an individual collection system flow meter by the number of residential units of the same or similar type connected to and flowing through that individual flow meter.

8.8. Samples of wastewater discharged by East Coventry to the Authority's wastewater facilities may be sampled and analyzed by the Authority on a random basis to insure compliance with the terms of this Agreement. However, compliance with the allowable discharge criteria shall be the responsibility of East Coventry. The costs of sampling and laboratory analysis will be included in the operation costs of the treatment plant.

Flow Metering of Authority Flows Discharged into the East Coventry Collection System

8.9. There is no sewer service area in North Coventry under consideration at this time that is proposed to be connected to any East Coventry collection system. If, however, at some future time, due to topography, cost effectiveness, etc., a sewer service area from North Coventry is connected to an East Coventry collection system, all wastewater flow discharged from North

Coventry into the East Coventry collection system shall be metered. Meter requirements shall comply with Section 8.1.

8.10. Upon completion of construction, East Coventry will own any flow meters that measure flow from Authority into the East Coventry system. East Coventry shall be responsible to schedule with the meter manufacturer or other qualified testing agent, on at least a semi-annual basis, the calibration of the flow meter. Copies of the meter calibration certification shall be sent to Authority. The Authority may contest the meter calibration certification report within thirty (30) days of receipt of the meter calibration report. If the meter calibration certification report is not contested within the thirty (30) days, the report shall be deemed accepted, and not subject to further dispute.

8.11. The flow meter shall be owned by East Coventry, and East Coventry shall be responsible for the operation, maintenance, and replacement of the flow meter. The actual costs of operation, maintenance, and replacement of the flow meter shall be the responsibility of the Authority and invoiced in arrears quarterly by East Coventry.

8.12. In the event the flow meter is out of service, an estimate of flow will be performed by East Coventry based on flow records of the recent past. The estimate will incorporate sound engineering principles, and be adjusted as necessary to account for any unique circumstances. Unique circumstances that would require an adjustment to historical flow records would include items like extreme wet weather events (hurricane, flood), the recent addition of a large number of connections in North Coventry that would not be reflected in the historical flow records, or other circumstances. If the Authority sewer service area is serviced by a water system, water meter readings may be utilized to perform the estimate. East Coventry will provide an explanation and calculations for any estimated flows.

8.13. Authority connections to the East Coventry system can only be made upon approval of East Coventry. A flow meter will be required at each point(s) of connection. The flow meter shall be similar in all respects to the meter described in Section 8.1. Design and specifications for flow meters shall be submitted to East Coventry for review and approval. The costs for flow meters shall be paid entirely by Authority. Once construction is certified to be complete by the Engineer for Authority and the meter is installed, calibrated and certified, East Coventry will assume responsibility thereafter for calibration and any future maintenance or replacement. The actual costs of calibration, operation, maintenance, and replacement of the flow meter will be the responsibility of Authority and invoiced in arrears quarterly by East Coventry.

8.14. If wastewater flows are insufficient at future points of connection to provide an accurate measurement by a flow meter, the amount of flow shall be determined by East Coventry. First, East Coventry will determine the number of EDU's connected in the non-metered sewer service area of Authority. The number of EDU's will be based on the Authority's adopted "Schedule of EDU's for Type of Use". Next, the number of EDU's will then be multiplied by the Authority's then prevailing unit rate of flow for an EDU (currently, the

Authority has established 300 gallons per day as the equivalent flow for each residential unit or for each EDU). The resultant product will be the calculated average daily wastewater flow from the non-metered sewer service area in North Coventry.

The calculated average daily wastewater flow will then be multiplied by the number of days in that month to determine the total flow that month from the non-metered sewer service area, which will then be added to the metered flow from the Authority's collection system to determine the total flow from the Authority's collection system that is discharged into the East Coventry collection facilities. This value for total flow will be deducted from East Coventry total wastewater flow used in Article 10 to calculate the charges for treatment of East Coventry wastewater.

The Authority has previously established 300 gallons per day as the equivalent flow for each residential unit or for each EDU. If, in the future, connections from an Authority sewer service area are connected to the East Coventry collection system, the Authority may request the use of a different value, and East Coventry will consider the request. Any request to use a different value should include documentation that incorporates sound engineering principles. An example method to calculate the gallons per day for an EDU would be to divide the total recorded daily flow through an individual collection system flow meter by the number of residential units of the same or similar type connected to and flowing through that individual flow meter.

8.15. Samples of wastewater discharged by Authority to the East Coventry collection system may be sampled and analyzed by East Coventry on a random basis to insure compliance with the terms of this Agreement. However, compliance with the allowable discharge criteria shall be the responsibility of Authority. The costs of sampling and laboratory analysis will be the responsibility of the Authority if the Authority is not in compliance with the standards contained in this Agreement. If the Authority is in compliance with the standards in this Agreement, then the costs shall be borne by East Coventry.

ARTICLE IX

Flow Allocation and Allowable Strength of Wastewater

9.1. Upon completion of the Treatment Plant Expansion Project and issuance of a Certificate of Substantial Completion by the Authority's Engineer, the Authority will allocate 510,000 gallons per day (gpd) of wastewater treatment capacity to East Coventry. East Coventry agrees that its flow is limited to specific Discharge Criteria, both flow and qualitative, as defined in Exhibit "D", attached hereto and made a part hereof. Further, East Coventry agrees that it will not discharge any Prohibited Wastes as defined in Exhibit "E", attached hereto and made a part hereof.

9.2. The allocation of 510,000 gpd is subject to regulatory action and acts of nature, and therefore shall not be construed to be an absolute value. Changes in the discharge criteria of the treatment plant, or changes in the definition of standard strength domestic wastewater by DEP or other regulatory agencies, may result in a lesser allocation. Acts of nature, beyond the control of the Authority, including hurricanes, floods, tornadoes, etc., may temporarily delay East Coventry's full use of the allocated capacity.

9.3. Compliance with all Discharge Criteria as stated in Exhibit "D" shall be the sole responsibility of East Coventry. On a monthly basis, the Authority will share flow metering data, and will share the results of any periodic sampling that is conducted. It is not anticipated that the Authority would initiate a sampling of flow from East Coventry at the early stages when there will be limited initial flow from East Coventry unless the Authority's plant is not meeting the criteria under the Authority's permit or an unusual occurrence is noted at the Authority's treatment plant.

9.4. The Authority will notify East Coventry, in writing, when the flow from East Coventry is measured at 80% of its Annual Average Daily Flow as shown on Exhibit "D". Upon notification, East Coventry shall implement a Wasteload Management Program to monitor and, if necessary, restrict additional connections to its system in order to meet East Coventry's responsibility that the Flow Criteria listed in Exhibit "D" are not exceeded. The Authority will provide similar notice to East Coventry when the flow from East Coventry is measured at 80% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit "D". Upon notification, East Coventry agrees to investigate and, thereafter, report to the Authority, within ninety (90) days of the date of the Authority's notice, East Coventry's plan to manage/reduce flows in order to not exceed the Flow Criteria.

9.5. The Authority will notify East Coventry, in writing, when the flow from East Coventry is measured at 90% of its Annual Average Daily Flow as shown on Exhibit "D". To prevent an overload and/or permit violation to the treatment plant, East Coventry shall thereafter consult with the Authority before issuing any building permits which would provide for connections of Improved Properties to the East Coventry wastewater collection system. The Authority will provide similar notice to East Coventry when the flow from East Coventry is measured at 90% of its maximum monthly average flow, maximum weekly average flow, maximum daily flow, or peak instantaneous flow as shown on Exhibit "D". Upon notification, East Coventry agrees to investigate and, thereafter, report to the Authority, within ninety (90) days of the date of the Authority's notice, East Coventry's written plan to manage/reduce flows in order to not exceed the Flow Criteria. The written plan shall include, but not be limited to, a description of the proposed methods to reduce flows, a schedule to limit new connections and/or a commitment to plan for, and fund additional treatment capacity. The Authority shall review East Coventry's plan and may make suggestions concerning the plan. The Authority's review shall be to determine if the plan is reasonable, incorporates proven methods to manage/reduce flows and is implementable. The Authority will notify East Coventry, in writing, when the plan is acceptable. East Coventry agrees to consider suggestions from the Authority.

If, at any time after the ninety (90) day investigation period, East Coventry's flows exceed 95% of the allowable flows due to infiltration and/or inflow problems, East Coventry agrees that it will not issue any building permits for uses on Improved Properties which would be connected to the East Coventry wastewater collection system, unless approval for the connection is made in advance by the Authority.

9.6. The Authority will notify East Coventry, in writing, if the monthly flow from East Coventry exceeds the maximum monthly average flow and/or exceeds the annual average daily flow, as shown on Exhibit "D", for a period of ninety (90) consecutive days.

A. Upon notification of exceeding any of the Flow Criteria in Exhibit "D", East Coventry agrees to:

(1) Stop issuing any further building permits for uses which would connect to the East Coventry wastewater collection system, and

(2) Investigate and thereafter submit to the Authority, within one hundred twenty (120) days of the date of the Authority's notice, an Overload Remediation Plan to manage/reduce flows in order to maintain compliance with the Flow Criteria. Said Overload Remediation Plan shall include an implementation schedule showing the dates on which each step of the plan will be undertaken. Activities include, but may not be limited to, planning, design, financing, and construction, as may be necessary to provide the required capacities and/or eliminate the excess flows.

The Plan shall be reviewed by the Authority, and if deemed acceptable, a limited number of connections may be allocated to East Coventry during the implementation of the Overload Remediation Plan.

B. If, upon completion of the Overload Remediation Plan, East Coventry is able to demonstrate a reduction of flows, then restrictions/prohibitions to further building permits and connections, that were temporarily instituted by East Coventry, may be removed.

C. If, upon the completion of the implementation of the Overload Remediation Plan, East Coventry is not able to demonstrate a reduction of flows, then further connections to the East Coventry system shall be prohibited until such time as additional treatment capacity has been made available at the plant and provisions have been made to increase the flow allocation to East Coventry.

D. If, ninety (90) days after notification, the East Coventry monthly flow exceeds the Flow Criteria stated in Exhibit "D", Subsection I, East Coventry agrees to pay Authority a surcharge on the excess flow above the allowable flow. The surcharge for flow in excess of the allowable flow shall be calculated at the rate of Two Hundred Per Cent (200%), multiplied by the cost of treatment per gallon of wastewater during the month, multiplied by the number of gallons from East Coventry that are in excess of the Maximum Monthly Average Flow. If the

Authority determines that East Coventry is not making a good faith effort to reduce the excess flows, at the end of the calendar year, a similar Two Hundred Per Cent (200%) surcharge is to be paid by East Coventry if the Annual Average Daily Flow from East Coventry exceeds the flow criteria.

E. East Coventry agrees to pay any fines that are imposed by DEP or any other governmental agency due to violations at the treatment plant that are attributable to East Coventry's exceeding the Flow Criteria.

F. In addition to the penalty provisions of this Article, if, at any time, the flow from East Coventry's wastewater collection system exceeds the Flow Criteria, Authority, to the extent permitted by law, may pursue any one or more of the following additional remedies:

- (1) Require East Coventry to purchase reserve capacity, if the Authority determines that such capacity exists, and the Authority is willing to sell such capacity, with the price being established by the Authority;
- (2) Pursue an injunction or any other equitable remedy in any Court or agency of competent jurisdiction;
- (3) Pursue damages or any other legal remedy in any Court of competent jurisdiction; or
- (4) Pursue any other remedy or administrative order available at law, in equity, or administrative proceeding or otherwise.

9.7. The Authority will advise East Coventry, in writing, if the Authority's random sampling of the discharge from East Coventry does not comply with the Qualitative Criteria on Exhibit "D", or if the discharge contains any Prohibited Waste listed on Exhibit "E". Upon notification, East Coventry shall identify and eliminate the source of the Prohibited Waste.

A. The Authority will impose a surcharge for any non-conforming wastewater discharged from East Coventry to the Authority's system. The surcharge will be based on a composite flow proportioned sample taken at the point of connection to the Authority's system.

The surcharge will be calculated based upon the following formula:

$$\% \text{ Surcharge} = 0.5(\text{BOD}_5 - 204) + 0.4(\text{TSS} - 240) + 0.05(\text{NH}_3\text{-N} - 30) + .05 (P - 10)$$

The cost of treatment per gallon is multiplied by the percent surcharge for nonconforming wastewater, and the resultant product is then added to the cost of treatment per gallon of wastewater to determine the Total cost of treatment per gallon. The Total cost of treatment per gallon will be multiplied by the total gallons recorded (and/or calculated), as discharged from East Coventry to Authority during that billing period, and then multiplied by the

number of days in the billing period to determine the total treatment charge for East Coventry wastewater.

Notes:

1. When a value of BOD, TSS, NH_3N , and (or) P is less than the maximum allowable concentrations set forth in the formula, then the maximum allowable value shall be used.
2. The concentrations used in the formula shall be the mean values for any samples analyzed for that period.
3. All sample values are in mg/l.

Payment of the surcharge shall not be deemed as acceptance of a non-conforming waste by the Authority. In addition to the payment of the surcharge, East Coventry agrees that if repeated assessments of the surcharge occur, the Authority may (a) require pre-treatment of the offending wastewater by East Coventry, (b) compel East Coventry to terminate the particular discharger(s) responsible for the non-conforming waste from discharging into the East Coventry system, or (c) if this discharger cannot be identified by East Coventry, require East Coventry to refuse further connections to the East Coventry collection system, all in order to prevent discharges deemed harmful or to have a deleterious effect upon the treatment plant or receiving stream.

B. The surcharge formula specified in 9.7A applies to non-conforming waste that exceeds normal strength sanitary sewage. East Coventry further agrees to pay any charges for any other non-conforming waste that contains any one or more of the prohibited substances listed in Exhibit "E" which can be shown as being directly attributable to East Coventry wastewater passing through one of the East Coventry connection points. Additional charges may include fines, repairs to the treatment process, additional laboratory expenses, additional sludge disposal expenses, legal expenses, engineering expenses, etc.

9.8. The discharge of any industrial wastewater into the Authority's sanitary sewer system, pump stations or treatment plant is prohibited, except as provided for below in this Section. Industrial wastes are typically more concentrated in nature, and contain toxins that are not amenable to biological treatment and/or may inhibit the normal biological process. East Coventry agrees to prohibit the discharge into the East Coventry collection system of all industrial wastewaters, unless written approval for such discharge is obtained from the Authority, and East Coventry adopts pretreatment standards in compliance and with approval of EPA, DEP, the Authority, and other appropriate agencies. East Coventry agrees that if any form of industrial wastewaters are accepted in the future by the Authority, East Coventry will pay all the costs for additional sampling, treatment, and administrative charges for monitoring and processing of any industrial wastewaters discharged to East Coventry's collection system.

9.9. Private or Bulk Dumping Prohibited. East Coventry agrees that it shall not permit the dumping of bulk wastewater, septage, sludge, or other wastes into its wastewater collection system by private haulers or other persons engaged in the business of transporting wastewater, septage, sludge, or other wastes.

ARTICLE X

Charges for Treatment of East Coventry Wastewater

10.1. Upon completion of the Treatment Plant Expansion Project and issuance of a Certificate of Substantial Completion by the Authority's Engineer, East Coventry and the Authority will share the annual operating costs for the wastewater treatment plant in proportion to the volume of wastewater discharged by each party into the wastewater treatment plant. Monthly billings to East Coventry based upon proportionate flow shall commence on the next full month after the Certificate of Substantial Completion is issued.

10.2. The Authority will separate its operating costs between treatment plant costs and collection system costs.

10.3. This Agreement envisions East Coventry connecting and discharging directly at the treatment plant and not utilizing any portion of the Authority's collection system. Under this concept, only East Coventry's proportionate share of the operating costs for the treatment plant would be assessed to East Coventry. If, however, East Coventry connects to the Authority's collection system at some future time, charges for use of the Authority's collection system may be applied, and East Coventry agrees to pay the charges.

10.4. The Authority's fiscal year is from February 1 to January 31. On an annual basis, the Authority will prepare an Estimate for the Operation Costs for the wastewater treatment plant for the upcoming year. The Estimate of Operation Costs will be forwarded to East Coventry. Based on the Estimate, and the anticipated connections to the East Coventry collection system during the upcoming year, East Coventry can establish an estimated user charge for its connections. East Coventry shall receive the Estimate for Operating Costs on or before February 28 of each year. On or before November 1 of each year, the Authority shall provide East Coventry with a Preliminary Estimate of Operating Costs based upon information then available, for East Coventry's use in preparing its budget in accordance with the Township Code.

10.5. On a monthly basis, the Authority will review the flow meter records, and calculate East Coventry's percentage share of the total flow recorded at the treatment plant. East Coventry's percentage share will be multiplied by one-twelfth (1/12) of the Estimate of Annual Operation Costs for the wastewater treatment plant. The product of this multiplication will be the estimated monthly charge for treatment of East Coventry wastewater.

10.6. Based on the resultant charge in Section 10.5, the Authority will invoice East Coventry fifteen (15) days after the close of each month, an estimated monthly treatment charge, for treatment services provided during the previous month. The minimum monthly payment of Three Thousand One Hundred Twenty-five Dollars (\$3,125.00), as provided in Section 10.9C, shall be applied.

10.7. Payment for wastewater treatment services, surcharges for flows which exceed the Discharge Criteria, and any other invoice sent in accordance with this Agreement shall be made by East Coventry within forty-five (45) days of the date of the Authority's invoice. If payment is not made by East Coventry within forty-five (45) days of the date of the invoice, East Coventry agrees to pay to the Authority interest on the unpaid amount at the rate of Six Per Cent (6%) per annum, beginning forty-five (45) days after the date of the invoice and until full payment is made.

10.8. At the end of the Authority's fiscal year, an audit of the operation and maintenance costs will be performed by an independent certified public accountant. The operating and maintenance costs will be reduced by any operating grants received by the Authority. Based upon the audit of the previous year's operating costs for the wastewater treatment plant, and based on the total flows recorded as discharged from each party, a reconciliation calculation will be performed to determine if there was any underpayment or overpayment on the amount due from East Coventry, based on the actual operating expenses. East Coventry will be invoiced for any underpayments, and the payment of the invoice shall be due within forty-five (45) days of the date of the invoice. East Coventry shall pay interest at the rate of Six Per Cent (6%) per annum after forty-five (45) days and until the invoice is paid. Overpayments will be applied to future invoices.

10.9. A listing of the items that are typically included in the operating cost of the wastewater treatment plant are included in Exhibit "F". A copy of the Current Annual Budget for the Authority is attached as Exhibit "G", and a copy of each year's operating budget shall be forwarded to East Coventry within thirty (30) days of the Authority's adoption of the budget.

A. The listing of items is not fixed, and items may be added or deleted as circumstances dictate.

B. The parties acknowledge that not all costs for the operation of the treatment plant can be readily segregated, so, to simplify the calculations for cost sharing, the following items and related percentages are adopted:

<u>Item</u>	<u>Portion Allocable to Treatment Plant</u>
(1) Routine engineering services to Authority	50%
(2) Routine legal services to Authority	50%

(3) Wages, taxes, benefits paid to Authority operating personnel	80%
(4) Wages, taxes, benefits paid to Authority administrative personnel	50%
(5) Administrative expenses	50%
(6) General Insurance (not specific to plant)	80%

C. The parties acknowledge that in the initial period after the Treatment Plant Expansion Project is completed, East Coventry may only have a small number of connections discharging to the treatment plant. The proportioning of operating costs based only on the East Coventry share of total plant flow would create a disproportionate burden on the Authority. Certain expenses will be incurred by the Authority regardless of the amount of wastewater discharged by East Coventry. These "fixed" expenses will increase with the completion of the Treatment Plant Expansion Project and will increase with the additional treatment facilities required to be maintained and available for service.

After East Coventry becomes a bulk user, invoices will be sent to East Coventry on a monthly basis. East Coventry agrees to pay to the Authority each month (a) East Coventry's proportionate share of the operating costs of the treatment plant, based upon flow, or (b) a minimum monthly payment of Three Thousand One Hundred Twenty-five Dollars (\$3,125.00), whichever is greater.

D. The Authority's budget for the current fiscal year is attached to this Agreement.

10.10. In the event of a dispute regarding treatment charges, East Coventry shall provide written objection to the Authority. The parties agree to review the calculations and attempt to resolve the dispute. Unresolved issues shall be settled in accordance with Article XVI. East Coventry shall continue to make full payment for each invoice until such time as the dispute is resolved. In the event East Coventry is correct in its assessment of treatment charges, all overpayments shall be subject to simple interest at the rate of Six Per Cent (6%) per annum, beginning from the date when the overpayment was received by the Authority.

ARTICLE XI

Covenants of the Parties

11.1. Covenants of both East Coventry and Authority: East Coventry and Authority covenant and agree with the other that each will, at all times:

A. Maintain its wastewater system in good repair, working order, and condition.

B. Continuously operate its wastewater system, subject to "force majeure" or all orders, directives, and regulations of the Chester County Health Department, DEP, the

Environmental Protection Agency, and any existing or successor agencies with authority to regulate and control the operations of the respective wastewater systems.

C. From time to time, make all necessary repairs, renewals, and replacements thereof, and all improvements thereto in order to maintain adequate service.

D. Make available at all reasonable times to the other parties or their agents, servants, employees, and representatives access to all records insofar as the same relate to matters covered in this Agreement. Each party also agrees that the other parties, their agents, servants, employees, and representatives shall have access to the physical facilities of the other parties hereto at reasonable times in order to assure compliance with the terms and provisions of this Agreement.

11.2. Covenants of Authority: In addition to the covenants under Section 12.1, Authority covenants and agrees that it will, at all times:

A. Operate and maintain the wastewater treatment plant and make such alterations, repairs, replacements, renewals, and improvements thereto, and to keep the equipment and facilities therein as may be necessary to keep the treatment plant in good repair and efficient operating condition and to meet the standards prescribed by the DEP, United States Environmental Protection Agency, and any other state or Federal governmental authority having jurisdiction thereof. Operation of the plant shall be under the supervision of a treatment plant operator(s) certified by the Commonwealth of Pennsylvania.

B. At all times during the term of this Agreement, for the purpose of performing and carrying out the duties imposed upon the Authority's Engineer by this Agreement, employ as consulting engineers, an independent agency or firm or an independent professional engineer having a favorable reputation for skill and experience in the construction and operation of sewer systems and registered in the Commonwealth of Pennsylvania. The Authority's Engineer shall make and file annually with East Coventry a written report upon the treatment plant and the operation thereof during the prior fiscal year, setting forth its recommendations for the ensuing year and an Estimate of Operating Costs for the treatment plant for the ensuing year. In addition, the Engineer shall provide a copy of the Authority's Chapter 94 Annual Wasteload Management Report to East Coventry by March 31. Until notice to the contrary, the Authority's Engineer shall be Spotts, Stevens and McCoy, Inc., of Reading, Pennsylvania.

C. Maintain proper books of account and records relating to the operation of the treatment plant and employ an independent Certified Public Accountant or firm of accountants registered in the Commonwealth of Pennsylvania to perform the functions and duties required by this Agreement. Such accountant(s) will furnish to Authority and East Coventry, not more than one hundred eighty (180) days after the close of the Authority's fiscal year, a statement and report showing the Net Operating Costs of the treatment plant and the proper allocation thereof between the parties and any capital costs incurred and the proper sharing of those costs.

D. Construct all new manholes, pumping stations, and other facilities of the Authority's system in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover, no through pick holes) watertight covers.

11.3. East Coventry covenants and agrees that East Coventry will, at all times:

A. Charge to its customers sewer rates and charges which will provide receipts of revenues sufficient, together with other funds available, to make all payments required to be made by East Coventry under the provisions in this Agreement.

B. Adopt and enforce Ordinances, Resolutions, Rules, Regulations, and Permits governing wastewater connections and the admission of wastewater into the East Coventry collection system, which Ordinances, Resolutions, Rules, Regulations, and Permits shall be at least as stringent as existing and future Ordinances, Resolutions, Rules, Regulations, and Permits of North Coventry and the Authority. Copies of all such Ordinances, Resolutions, Rules, Regulations, and Permits shall be supplied to Authority within ninety (90) days after enactment by East Coventry of an Ordinance or Regulation.

C. Construct all manholes, pumping stations, and other facilities of the East Coventry collection system in such a manner that the same shall be protected from physical damage by the 100-year flood, as determined by the Federal Emergency Management Agency. Pumping stations shall remain fully operational and accessible during the 25-year flood. Manholes subject to flooding shall be protected with solid (no vent holes in cover; no through pick holes) watertight covers.

D. Adopt, by Ordinance, recognized plumbing standards at least as stringent as those adopted by North Coventry, the standards of BOCA Plumbing Code, and develop certain standards for the installation of "grease interceptors and oil separators".

E. Require each non-residential establishment to meter its water consumption as of the date that such user connects to the East Coventry collection system.

F. Provide to Authority by January 31 of each year information as required by Authority to facilitate preparation of the Authority's Chapter 94 Annual Wasteload Management Report.

ARTICLE XII

As-Built Drawings

12.1. Upon completion of the East Coventry collection system, East Coventry shall provide, without cost to Authority, one complete set of reproducible as-built drawings of the East Coventry collection system, for the use of Authority, showing complete information as to location, grade and depth of lines, location of manholes, design and location of pump stations, and, also, specifications and technical documents for all equipment installed as a part of the same, and other similar relevant information.

East Coventry agrees to provide the above information for any later expansions of the East Coventry collection system, within ninety (90) days of the completion of the expansion.

ARTICLE XIII

Future Plant Expansion Costs and Capacity

13.1. Future Plant Expansion – Single Party Cause. The parties agree that the total Project costs of any expansion, renovation, revision, or improvement to the Authority's wastewater treatment plant performed, to provide additional treatment capacity for one party, shall be borne solely by said party.

13.2. Future Plant Expansion – Overall Plant Upgrade. If additional treatment capacity is provided for both East Coventry and Authority, the costs of said future project shall be reviewed by the parties and shared pro rata, based on the proportional additional capacity assigned to each party.

13.3. Future Plant Expansion Resulting from Meeting Regulatory Requirements – Single Party Cause. Authority and East Coventry agree that if the total project costs for future expansion, renovation, revision, or improvement of the Authority's wastewater treatment plant are performed to upgrade the treatment facility to enable it to meet more stringent effluent standards required of one party's influent stream, then those costs are borne solely by that party.

13.4. Future Plant Expansion Resulting from Meeting Regulatory Requirements – Both Parties. The total project costs for future expansion, renovation, revision, or improvement of the Authority's wastewater treatment plant performed to upgrade the treatment facility to enable it to meet more stringent effluent standards and/or to provide for capital improvements or extraordinary repairs which will not increase the total treatment plant capacity shall be shared by Authority and East Coventry, pro rata, based on the proportional capacity assigned to each of these parties.

13.5. Future Plant Expansion Due to Third Parties Contributing to the System.

Notwithstanding anything contained herein to the contrary, Authority agrees that the cost of any expansion, renovation, revision, or improvement to Authority's wastewater treatment plant required as the result of any contributing party other than East Coventry shall not be passed through, charged, or paid in part by East Coventry.

ARTICLE XIV

Indemnifications

14.1. Should any waste, substance, material, or gas be deposited or discharged into the East Coventry wastewater system and be released into and/or treated or discharged at the Authority's wastewater treatment plant, resulting in Authority being charged with a violation of the Clean Streams Law, the terms, criteria, and conditions of the Authority's Operating Permit, and/or any other statute, administrative regulation, Ordinance, Code, or Order, East Coventry shall indemnify and save Authority harmless from any and all costs, expenses, and fines incurred and resulting therefrom, including any and all legal and administrative expenses incurred in defense of such action.

14.2. East Coventry shall be financially responsible for all losses incurred by Authority as a result of East Coventry's exceeding of the Discharge Criteria contained in this Agreement, and East Coventry does hereby further indemnify and hold harmless Authority against any and all costs, expense, loss, damage, financial liability, fines, and penalties, including any and all legal and administrative expenses incurred by Authority in regard thereto, that may be incurred by or imposed upon Authority by DEP, EPA, or any other regulatory body with jurisdiction thereof, resulting in whole or in part by reason of wastewater being discharged from East Coventry into the Authority's treatment facilities in violation of any of the Discharge Criteria of this Agreement or any other terms, conditions, or limits set forth in this Agreement.

14.3. East Coventry agrees to indemnify and save harmless the Authority against all costs, losses, or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of East Coventry or its agents or employees.

14.4. Authority agrees to indemnify and save harmless East Coventry against all costs, losses, or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of Authority or its agents or employees.

ARTICLE XV

Disputes and Arbitration

15.1. In addition to any action that may be brought at law or in equity in a Court of competent jurisdiction, the parties hereto agree that if, at any time, a dispute shall arise between them concerning factual determinations under the terms of this Agreement, the matter of dispute may, by consent of both parties, be:

A. Referred to three (3) independent registered consulting engineers registered in the State of Pennsylvania, one to be appointed by Authority, one to be appointed by East Coventry, and one to be appointed by the two appointees so selected.

B. Provided, however, that in the event such appointees cannot agree on the third arbitrator, the President Judge of the Court of Common Pleas of Chester County, Pennsylvania, shall, upon petition of both parties, appoint the third arbitrator.

C. If the parties have mutually agreed to submit a matter to arbitration, the Decision or Award of the majority of such arbitrators shall be final and binding upon the parties hereto, and their respective successors and assigns. East Coventry and Authority shall each pay the costs of its own appointee and one-half of the costs of the third arbitrator.

ARTICLE XVI

Term of Agreement; Amendments

16.1. Term of this Agreement. This Agreement shall be effective from the date of signing by all parties until terminated by mutual written consent of North Coventry, Authority, and East Coventry.

16.2. Amendment. This Agreement may be amended from time to time by written consent of the parties to this Agreement.

ARTICLE XVII

Miscellaneous

17.1. Insurance, Repairs, and Reconstruction. The Authority will insure, or cause to be insured, the Authority's wastewater treatment plant with a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth and as approved

by the Authority's Engineer. The Authority does not currently maintain flood insurance; and, nothing in this Agreement is to be interpreted as requiring the Authority to carry flood insurance on its wastewater treatment plant. Immediately upon the occurrence of any loss or damage to any part of said Authority's wastewater treatment plant which is covered by insurance, the Authority will commence and promptly complete, or cause to be so commenced and promptly completed, the repairing, replacement, or reconstruction of the damaged or destroyed property according to plans and specifications prepared by the Authority's Engineer and shall collect and apply, or cause to be applied, the proceeds of such insurance to the cost of such repair, replacement, or reconstruction.

17.2. Inspection. Each party to this Agreement shall provide the others, from time to time, all information relevant and appropriate to the proper administration of their respective responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as, may be reasonably requested, and each shall, at all reasonable times and from time to time, permit their representatives to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

17.3. Force Majeure. Notwithstanding any other provision of this Agreement, no party to this Agreement shall be responsible in damages to any other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, acts of terrorists, breakdown of the Authority's wastewater treatment plant, or of any party's collection system, 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 to the extent provided elsewhere herein.

17.4. Severability. Should any provision hereof for any reason be held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

17.5. Headings. The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision hereof.

17.6. Effective Date. This Agreement shall become effective as of the date of execution and delivery hereof by the parties hereto.

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

17.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

17.9. Successors and Assigns. East Coventry may not voluntarily assign this Agreement without the consent of the Authority, except to a municipality authority incorporated by East Coventry, pursuant to applicable law. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

17.10. Supersedes Prior Agreements. This Agreement supersedes and repeals any prior agreement, contracts, and understandings, written or oral, by or among the parties hereto with respect to the subject matter contained herein. This Agreement contains the entire agreement among the parties hereto, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect.

17.11. Modification. This Agreement may not be modified or amended except in a writing signed by the parties hereto.

17.12. Pennsylvania Law. This Agreement shall be construed according to, be subject to, and be governed by the laws of the Commonwealth of Pennsylvania.

ARTICLE XVIII

List of Exhibits

Exhibit "A" – Construction Cost Opinion for proposed treatment facilities, last revised 12-3-01.

Exhibit "B" – Wastewater Treatment Plant Expansion to 2.01 MGD, by Spotts, Stevens and McCoy, Inc., last revised 7-23-03.

Exhibit "C" – East Coventry Sewer Service Planning Areas, dated 10-20-99, last revised 2-4-03.

Exhibit "D" – Discharge Criteria (both flow and qualitative), 2 pages, last revised 1-14-03.

Exhibit "E" – Prohibited Wastes, 7 pages, last revised 1-14-03.

Exhibit "F" – Line Items Included in the Operating Cost for the Wastewater Treatment Plant, 3 pages, last revised 1-28-03.

Exhibit "G" – Current Annual Budget for Authority's fiscal year 2003-2004, 2 pages.

Exhibit "H" – Estimate of Cost of Existing Treatment Facilities, 4 pages, last revised 9-4-02.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized appropriate officers and their respective seals to be affixed hereto, all as of the day and year first above written.

NORTH COVENTRY MUNICIPAL AUTHORITY

By: Alain H. Floquet Chairman

Attest: [Signature] Secretary

TOWNSHIP OF NORTH COVENTRY

By: William R. Duguid Chairman

Attest: [Signature] Secretary

TOWNSHIP OF EAST COVENTRY

By: [Signature] Chairman

Attest: [Signature] Secretary

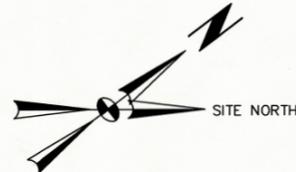
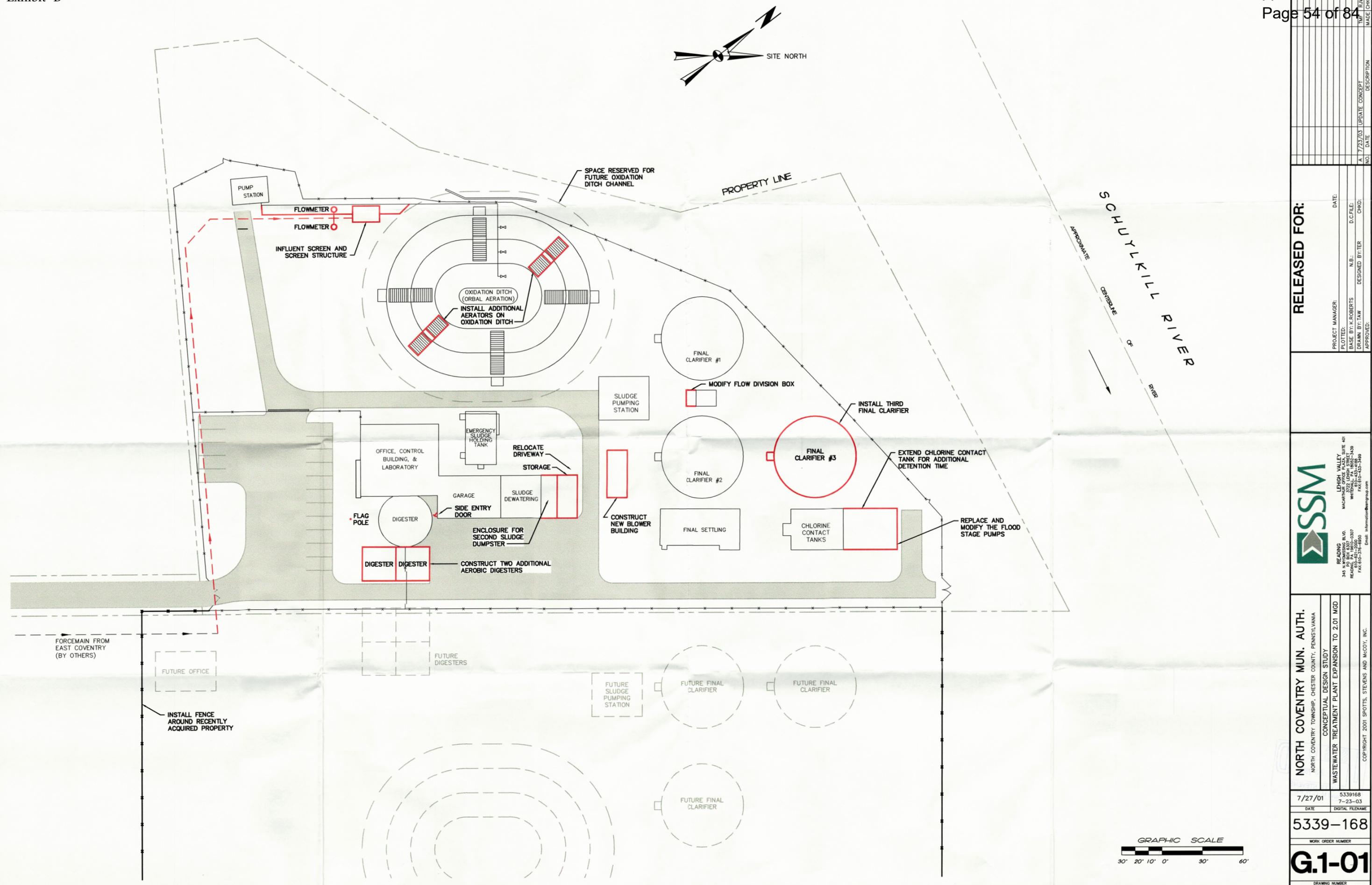
EXHIBIT "A"

NORTH COVENTRY MUNICIPAL AUTHORITY
CONCEPTUAL STUDY - WASTEWATER TREATMENT PLANT EXPANSION TO 2.01 MGD

COST OPINION FOR MAJOR PROCESS UNITS

*Revised 12-3-01

<u>Item</u>	<u>Description</u>	<u>Construction Sub-Total</u>
1	Relocate raw wastewater discharge piping to screen	\$ 15,000
2	Influent Screen and Structure	\$ 273,000
3	Modifications to Oxidation Ditch	\$ 228,000
4	New Final Clarifier	\$ 384,000
5	Modifications to Flow Division Box	\$ 15,000
6	Modifications to Final Settling Tank	\$ 36,000
7	Outfall Pumps and Piping	\$ 38,000
8	New Aerobic Digesters and Blower Building	\$ 361,000
9	Site Work	\$ 29,000
10	Enclosure for Second Sludge Dumpster	\$ 39,000
11	E. Coventry Force main, Flow meters, Sampler	\$ 37,200
12	Miscellaneous	\$ 20,000
Subtotal, Major Process Units		\$ 1,475,200
Bonds and Insurance (2%)		\$ 29,504
Mobilization, Demobilization (1.5%)		\$ 22,128
General Conditions (4%)		\$ 59,008
Total Opinion of Construction		\$ 1,585,840
Construction Contingency (20%)		\$ 317,160
Non-Construction (budget value only)		\$ 450,000
Total Opinion of Probable Project Cost		\$ 2,353,000



APPROXIMATE CENTERLINE OF SCHUYLKILL RIVER

RELEASED FOR:

PROJECT MANAGER:	DATE:
PLOTTED:	
BASE BY: K. ROBERTS	N.B.:
DESIGNED BY: TAW	CHD:
APPROVED:	
NO.:	DATE:
A:	7/23/03
UPDATE:	CONCEPT
DESCRIPTION:	

SSM
 LEHIGH VALLEY
 MACARTHUR OFFICE PLAZA, SUITE 401
 WHITEHALL, PA 18052-3438
 FAX: 610-432-3499
 Email: info@ssmgroup.com

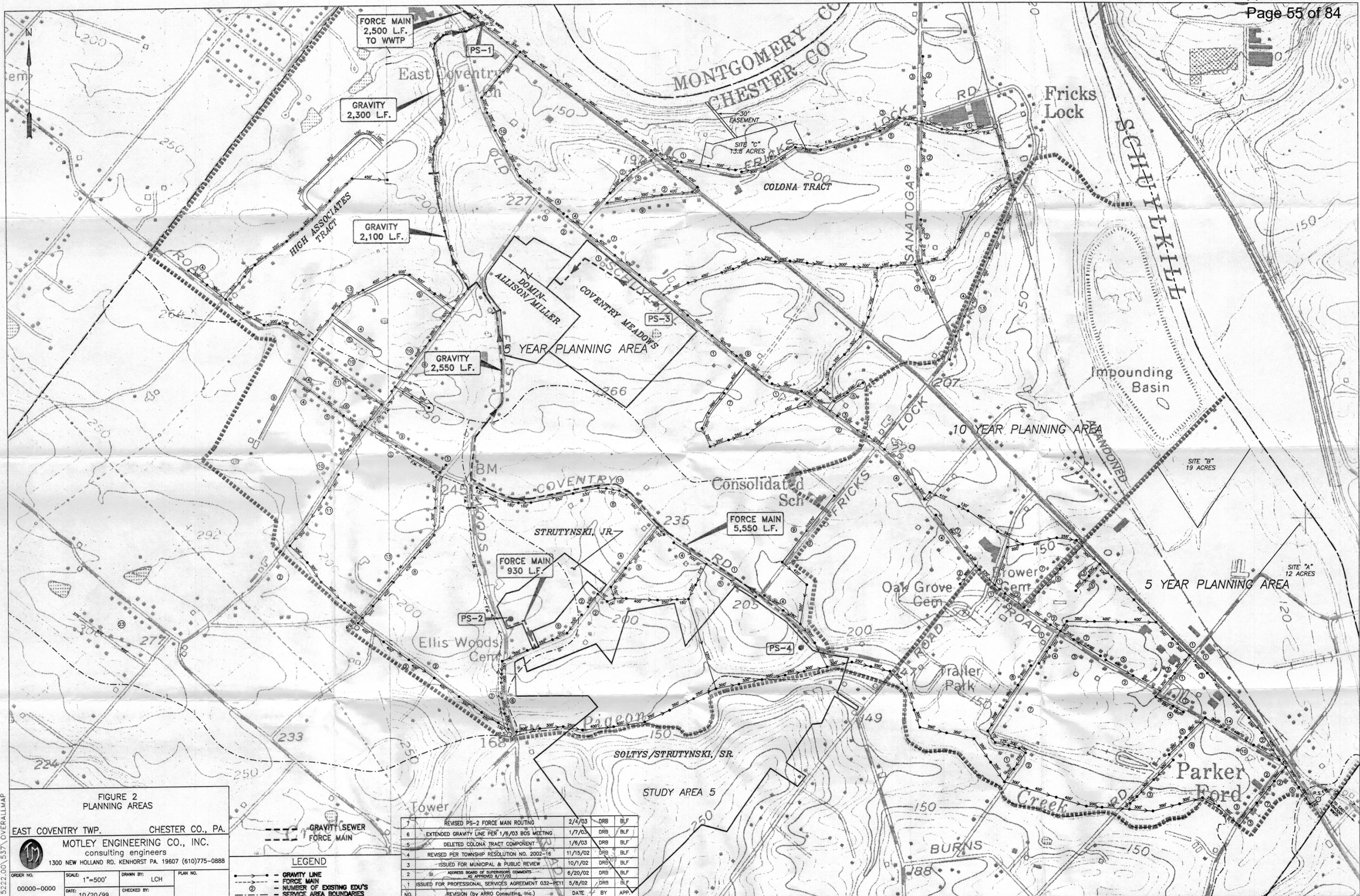
346 N. WASHINGTON BLVD.
 READING, PA 19610-0307
 FAX: 610-378-8800

NORTH COVENTRY MUN. AUTH.
 NORTH COVENTRY TOWNSHIP, CHESTER COUNTY, PENNSYLVANIA
 CONCEPTUAL DESIGN STUDY
 WASTEWATER TREATMENT PLANT EXPANSION TO 2.01 MGD

COPYRIGHT 2001 SPOTTS, STEVENS AND MCCOY, INC.

DATE:	7/27/01	DIGITAL FILENAME:	5339168
WORK ORDER NUMBER:	7-23-03		
DRAWING NUMBER	5339-168		
DRAWING NUMBER	G.1-01		





**FIGURE 2
PLANNING AREAS**

EAST COVENTRY TWP. CHESTER CO., PA.

MOTLEY ENGINEERING CO., INC.
consulting engineers
1300 NEW HOLLAND RD. KENHORST PA. 19607 (610)775-0888

ORDER NO. 00000-0000
SCALE: 1"=500'
DATE: 10/20/99

DRAWN BY: LCH
CHECKED BY:

PLAN NO.

LEGEND

- GRAVITY SEWER
- FORCE MAIN
- ② NUMBER OF EXISTING EDU'S
- - - SERVICE AREA BOUNDARIES
- GRAVITY LINE
- FORCE MAIN
- NUMBER OF EXISTING EDU'S
- SERVICE AREA BOUNDARIES

NO.	REVISION	DATE	BY	APP.
7	REVISED PS-2 FORCE MAIN ROUTING	2/4/03	DRB	BLF
6	EXTENDED GRAVITY LINE PER 1/6/03 BOS MEETING	1/7/03	DRB	BLF
5	DELETED COLONA TRACT COMPONENT	1/6/03	DRB	BLF
4	REVISED PER TOWNSHIP RESOLUTION NO. 2002-16	11/15/02	DRB	BLF
3	ISSUED FOR MUNICIPAL & PUBLIC REVIEW	10/1/02	DRB	BLF
2	ADDRESS BOARD OF SUPERVISORS COMMENTS AS APPROVED 8/17/02	6/20/02	DRB	BLF
1	ISSUED FOR PROFESSIONAL SERVICES AGREEMENT 032-PE11	5/8/02	DRB	BLF
	REVISION (by ARRO Consulting, Inc.)	DATE	BY	APP.

5222.00\537\OVERALLMAP

EXHIBIT "D" – DISCHARGE CRITERIA

The Intermunicipal Agreement provides for treatment of wastewater from East Coventry Township based on specific discharge criteria. The criteria are defined on the basis of flow parameters (gallons discharged) and on qualitative parameters (i.e. the strength of the wastewater discharged).

I FLOW CRITERIA

The amount of wastewater treated from East Coventry is measured on a "bulk allocation" basis that is, by total flow received at the North Coventry Municipal Authority wastewater treatment plant, rather than by total connections, EDUs, hook-ups, customer bills, etc. that are in East Coventry.

The allocation of treatment capacity for East Coventry is measured and hereby limited to the following flow criteria:

- | | |
|---|---------------------------|
| 1. Annual Average Daily Flow (AADF) | 510,000 gallons per day. |
| 2. Maximum Monthly Average Flow (AADF x 1.2 =)
Calculated as a calendar month and as a maximum 30 day running average. | 612,000 gallons per day. |
| 3. Maximum Weekly Average Flow (AADF x 1.5 =)
Calculated as a calendar week and as a maximum 7 day running average. | 765,000 gallons per day |
| 4. Maximum Daily Flow (AADF x 2.5 =) | 1,275,000 gallons per day |
| 5. Peak Instantaneous Flow (AADF x 4 =) | 2,040,000 gallons per day |

II QUALITATIVE CRITERIA

The strength or quality of wastewater discharged by East Coventry into the North Coventry Municipal Authority wastewater treatment plant is measured and hereby limited to the following criteria:

A. CONCENTRATIONS

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	204 mg/L	306 mg/L	408 mg/L
Total Suspended Solids	240 mg/L	360 mg/L	480 mg/L
Ammonia as N	30 mg/L	-----	-----
Phosphorous	10 mg/L	-----	-----

B. MASS UNITS

<u>Criteria</u>	<u>Monthly Average</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	868 lbs per day	1302 lbs per day	
Total Suspended Solids	1021 lbs per day	1532 lbs per day	
Ammonia as N	127 lbs per day	-----	-----
Phosphorous	42.5 lbs per day	-----	-----

C. NPDES PERMIT LIMITS

The above criteria are based on the current treatment plant process design, and on the current NPDES discharge permit values. Any future change of criteria as required in future NPDES permits will be applied proportionately to the East Coventry qualitative limits.

D. ANY PROHIBITED WASTE AS DEFINED IN EXHIBIT "E"

END OF SECTION

EXHIBIT "E" - PROHIBITED WASTES

Prohibited wastes include any discharge other than that traditionally defined as Sanitary Sewage, where Sanitary Sewage means the normal water-carried household and toilet wastes from residences, apartments, business buildings, institutions, commercial and industrial (non-process discharges only) establishments or any other improved property.

The Authority reserves the right to refuse permission to connect to the Sewer System, to compel discontinuance of use of the Sewer System, or to compel pretreatment of Industrial Wastes by any establishments, in order to prevent discharges deemed harmful, or deemed to have a deleterious effect upon the Sewer System.

A discharge exceeds normal strength Sanitary Sewage and is a prohibited waste if any one or more of the following criteria enumerated in 1 through 6 (inclusive) are exceeded:

1. Any discharge exceeding normal domestic strength sanitary sewage, as defined by the following criteria:

BOD ₅	204 mg/L
Total Suspended Solids	240 mg/L
Total Dissolved Solids	500 mg/L
Settleable Solids	10 ml/L
COD	500 mg/L
Ammonia-nitrogen	30 mg/L
Organic Nitrogen as N	15 mg/L
Total Kjeldahl Nitrogen	45 mg/L
Phosphorus (as P)	10 mg/L
Alkalinity (as CaCO ₃)	between 50 mg/L and 200 mg/l
pH (standard units)	between 6.5 and 9.0

2. Any discharge containing storm water, surface water, spring water, roof runoff, subsurface drainage, building foundation drainage, cellar drainage, drainage from roof leader connections.
3. The following discharges of any liquid or solid wastes, substances or matter, are prohibited:
 - A. Any discharge having a temperature higher than 140 degrees Fahrenheit, or less than 32 degrees Fahrenheit.
 - B. Any discharge containing more than 100 milligrams per liter of dissolved fat, oil, wax, grease, either vegetable or mineral, or containing any substance which may solidify between 32 and 100 degrees Fahrenheit. Any discharge containing floatable oils, fats or grease.

- C. Any discharge of liquids, solids or gases which by reason of their nature or quantity are, or may be sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the sewer facilities or to the operations of the sewer facilities.

At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system) be more than five percent (5%) nor any single reading over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.

Prohibited materials include, but are not limited to: gasoline, kerosene, naphtha, benzene, toluene, xylene, alcohols, ethers, ketone, aldehydes, peroxides, chlorates, perchlorates, bromate, carbides, hydrides, sulfides, fuel oil, motor oil, paint products, acid or other volatile, explosive or flammable substance which by reason of its nature or quality may cause fire or explosion, or be in any way injurious to persons, to the sanitary sewers or to the wastewater treatment facilities.

- D. Any discharge containing toxic, noxious, poisonous or malodorous solids, liquids or gases, vapors, fumes or substance, which either singly or by interaction with other wastes, is capable of:
- creating a public nuisance or hazard to life;
 - preventing routine entry into sewers for normal maintenance and repair;
 - may cause worker health and safety problems;
 - interfering with any wastewater treatment process;
 - constituting a hazard to humans or animals;
 - causing, alone or in conjunction with other sources, the treatment plant's effluent to fail a Whole Effluent Toxicity test;
 - creating any hazard in the receiving waters or in the wastewater treatment plant.

Toxic wastes shall include but not be limited to wastes containing cyanide, chromium, copper and nickel ions, or any pollutant identified pursuant to Section 307 of the Clean Water Act, as amended 33 U.S.C. 1251, et. seq.

- E. Any discharge containing any garbage from kitchen wastes that has not been properly shredded.
- F. Any discharge, in quantities or of such size capable of causing obstructions in the sewers, pump stations or other interferences with the proper operation of the wastewater treatment facilities, containing, but not limited to:
- animal guts or tissues, paunch manure, butchers, offal, bones, hair, hides or fleshing, entrails.
 - antifreeze
 - any solids greater than one-half inch in any dimension,
 - ashes

- bentonite
- blood or blood components or products
- building materials
- ceramic wastes
- china
- cinders
- detergents, surfactants or other agents in quantities that cause excessive foaming at the wastewater treatment plant
- feathers
- glass, glass grindings or polishing wastes
- grass clippings
- hair
- leather
- lye
- medical wastes
- metal
- mud
- paper dishes, paper cups, paper or cardboard containers,
- petroleum products (including plastics, gasoline, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil)
- plastic
- porcelain
- rags
- rubber
- sand
- sharps (needles, razor blades, syringes, scalpels, etc.),
- shavings
- sludge, screenings or other residues from treatment processes of others
- spent grains
- spent hops
- spent lime
- straw
- stone or marble dust
- tar
- waste paper
- wood
- or any other solids or viscous substances capable of causing obstruction to the flow in sewer system or other interference with the proper operation of the sewer system or wastewater treatment plant.

G. Any discharge containing inert, insoluble solids such as: asphalt, clay, slag, mill scale, or sludges and slurries:

H. Any discharge having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment or personnel.

- I. Any discharge containing total solids of such character and quality that unusual attention or expense is required to handle such materials at the wastewater treatment plant.
- J. Any discharge containing radioactive isotopes.
- K. Any discharge of discolored materials containing true color from any source and of any hue with less than the equivalent luminescence and greater than the equivalent purity of a 250 color unit platinum-cobalt stock standard, as determined by spectrophotometric methods. Equivalent values shall be determined at the dominant wave length of the sample and compared to the values determined at the dominant wavelength of the stock standard.

Any discharge with sufficient color that is not removed by the treatment process that causes the plant effluent to have true color discharge in excess of 100 color units.

Any dye that is non-responsive to removal by alum coagulation to remove suspended or colloidal matter, and/or non-responsive to chlorine bleaching of the dissolved dyes.

- L. Any discharge, that individually or in combinations with other wastes, exerts a chlorine demand in excess of 12 mg/L, at a detention time of 15 minutes, on the effluent of the plant after biological treatment and prior to disinfection.
- M. Any discharge which will cause the wastewater treatment plant to violate its NPDES and /or Water Management Permit, or violate the water quality standards for the receiving stream. Any discharge containing wastes which are not amenable to biological treatment or removal by the existing treatment processes, or are only partially amenable to treatment such that the plant effluent does not meet the regulatory requirements; specifically, any discharge containing non-biodegradable complex carbon compounds.
- N. Any discharge containing suspended solids of such character and quantity that unusual attention or expense shall be required to handle such water or waste at the wastewater treatment plant.
- O. Any discharge containing more than 25 mg/L of petroleum oil, non-biodegradable cutting oils, or products of mineral oil origin.
- P. Any discharge prohibited by any permit or regulation of Pennsylvania Department of Environmental Protection, or the Environmental Protection Agency.
- Q. Any discharge of waste slugs, such that the discharge exceeds the allocated flow criteria and the peaking factors associated with the flow allocation.

- R. Any discharge of concentrations of anions, cations, and other various objectionable substances that would make the Authority responsible discharging such substances in excess of that amount permitted in the allocated portion of the critical flow of the receiving stream.
- S. Any discharge from a trucked or hauled source.
- T. Any discharge which may cause the treatment plant's effluent or other product of the treatment plant (such as residues, sludge, or scum) to be unsuitable for reclamation, disposal, and reuse, or to interfere with the reclamation process.

In no case shall a substance discharged to the sewer system cause the treatment plant to be in noncompliance with sludge use or disposal criteria, guidelines, or regulations developed under Section 405 of the Clean Water Act, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management method being used at the treatment plant.

- U. Any waste stream with a closed cup flashpoint of less than 140 degrees fahrenheit (that is, discharges whose vapors ignite and burn at less than 140 degrees fahrenheit.)
 - V. Any discharge containing detergents, surface active agents, or other substances which may cause excessive foaming in the treatment plant.
4. Any discharge which violates the Federal Categorical Pretreatment Standards as defined in 40 C.F.R., Subchapter N, Part 401 to 471, as amended and revised.
 5. Any discharge which violates the Pennsylvania State Pretreatment Standards, where those state standards are more stringent than Federal or the Authority's standards:
 6. Concentrations for elements or compounds in excess of the following:

Aluminum	5.00 mg/L
Ammonia (as N)	30.00 mg/L
Antimony	0.10 mg/L
Arsenic	0.05 mg/L
Barium	1.00 mg/L
Beryllium (as Be)	0.10 mg/L
BOD ₅	204.00 mg/L
Boron	1.00 mg/L
Bromides	250.00 mg/L
Cadmium (as Cd)	0.01 mg/L
Chemical Oxygen Demand	500.00 mg/L
Chlorides	50.00 mg/L
Chrome	0.10 mg/L

Chromium (hexavalent)	0.10 mg/L
Chromium (trivalent)	0.50 mg/L
Cobalt	0.50 mg/l
Copper	1.00 mg/L
Cyanides (as CN)	0.20 mg/L
Endrin	0.0004 mg/L
Fluorides	5.0 mg/L
Hydrogen Sulfides	0.10 mg/L
Iron	5.0 mg/L
Lead	0.05 mg/L
Lithium	2.50 mg/L
Lindane	0.008 mg/L
Magnesium	25.00 mg/L
Manganese	0.20 mg/L
Methoxychlor	0.20 mg/L
Methylene Chloride	0.40 mg/L
Molybdenum	0.10 mg/L
Mercury	0.05 mg/L
Nickel	0.25 mg/L
Phenols	0.001 mg/L
Phosphates (as PO ₄)	50.00 mg/L
Phosphorus (as P)	10.00 mg/L
Selenium	0.01 mg/L
Silver	0.10 mg/L
Sulfates	500.00 mg/L
Suspended Solids	240.00 mg/L
Tin	1.00 mg/L
Total Dissolved Solids	500.00 mg/L
Total for all Priority Pollutants	15.0 mg/L
Total Halogenated Organics	2.00 mg/L
Total Kjeldahl Nitrogen	45.00 mg/L
Toxaphene	0.01 mg/L
Vanadium	0.10 mg/L
Zinc	0.50 mg/L
2,4,5-TP Silvex	0.02 mg/L

Specific Toxic Substance Notification Levels (for manufacturing, commercial, mining, silvicultural discharges):

Acrolein	200 ug/L
Acrylonitrile	200 ug/L
2-, 4-Dinitrophenol	200 ug/L
2-methyl, -4, -6 dinitrophenol	500 ug/L

The above criteria is subject to amendment based on process performance, new requirements from regulatory agencies, or technical developments.

Laboratory analysis shall be performed on a representative 24-hour composite sample (or grab sample at discretion of the Authority) and all analytical procedures shall be consistent with the latest revised edition of Standard Methods for the Examination of Water and Wastewater.

END OF SECTION

EXHIBIT "F"
NORTH COVENTRY MUNICIPAL AUTHORITY

LINE ITEMS INCLUDED IN OPERATING COST
for
WASTEWATER TREATMENT PLANT

Item	Fiscal Year 2003 Values for Cost Sharing
1. Salaries, wages, payroll expenses, benefits at 80% =	\$ 231,281.60
2. Parts, maintenance and repairs	\$ 29,500.00
3. Sludge Dewatering and Disposal	\$ 53,400.00
4. Chlorine and Chemicals	\$ 3,600.00
5. Electric	\$ 65,000.00
6. Heating (natural gas)	\$ 2,500.00
7. Laboratory analysis(including outside labs) and supplies	\$ 2,000.00
8. Permit fees and testing (permit renewal every 5 years)	\$ -
9. Materials and Supplies	\$ 4,000.00
10. Computer system program and technical support at 80% =	\$ 3,200.00
11. Plant Flowmeters: maintenance, repair and calibration	\$ 500.00
12. Engineering Services for Plant	\$ 7,200.00
13. Legal Services for Plant	\$ 500.00
14. Insurance for Plant	\$ 11,220.00
15. Administrative Costs at 50% =	\$ 96,639.00
16. less Act 339 Grant	<u>\$(132,764.00)</u>
 TOTAL NET OPERATING COST FOR PLANT	 \$ 377,776.60

EXHIBIT "F"
NORTH COVENTRY MUNICIPAL AUTHORITY

WORKSHEET - ITEMS INCLUDED IN PLANT OPERATING COST

Item	Fiscal Year, 2003 Budget Value	Extension
1. Salaries, wages, payroll expenses, benefits		
Wages	\$ 200,382.00	
Benefits and retirement	\$ 62,800.00	
Unemployment compensation	\$ 520.00	
Insurance - Workers compensation	\$ 10,070.00	
Social Security	\$ 15,330.00	
	\$ 289,102.00	80% \$ 231,281.60
2. Parts, maintenance and repairs	\$ 29,500.00	\$ 29,500.00
3. Sludge Dewatering and Disposal		
Belt press- maintenance and supplies	\$ 9,500.00	
Landfill costs	\$ 35,000.00	
transportation	\$ 8,900.00	
	\$ 53,400.00	\$ 53,400.00
4. Chlorine	\$ 3,600.00	\$ 3,600.00
5. Electric	\$ 65,000.00	\$ 65,000.00
6. Heating (natural gas)	\$ 2,500.00	\$ 2,500.00
7. Outside laboratory analysis and lab supplies	\$ 2,000.00	\$ 2,000.00
8. Permit fees and testing (NPDES renewal every 5 yrs)	\$ -	\$ -
9. Materials and Supplies	\$ 5,000.00	80% \$ 4,000.00
10. Computer system program and support	\$ 4,000.00	80% \$ 3,200.00
11. Plant Flowmeters: maintenance, repair and calibration	\$ 500.00	\$ 500.00
12. Engineering Services for Plant	\$ 7,200.00	\$ 7,200.00
13. Legal Services for Plant (allowance)	\$ 500.00	\$ 500.00
14. Property Insurance for Plant	\$ 11,220.00	\$ 11,220.00

15. Administrative Costs			
salaries and wages	\$	90,120.00	
benefits and retirement	\$	28,600.00	
unemployment compensation	\$	208.00	
social security	\$	7,280.00	
auditor fee	\$	3,500.00	
paying agent fee	\$	1,100.00	
officer compensation	\$	5,000.00	
office supplies	\$	3,400.00	
telephone - Authority office	\$	6,000.00	
billing expenses	\$	3,800.00	
routine legal services	\$	12,200.00	
legal expenses	\$	1,000.00	
routine engineering services	\$	16,000.00	
public officials E&O insurance	\$	4,100.00	
insurance - gen. liability, auto, umbrella	\$	7,000.00	
bonding for Authority treasurer	\$	470.00	
vehicle maintenance & expenses	\$	3,500.00	
		<u>\$ 193,278.00</u>	50% \$ <u>96,639.00</u>
		Total Budgeted Plant Operating Cost	\$ 510,540.60
		less Act 339 Operating Grant	\$ (132,764.00)
		Net Plant Operating Cost	\$ 377,776.60

16 Non-Plant Items		
collection system maintenance	\$	18,000.00
pump station maintenance	\$	25,000.00
electric - pump stations	\$	20,500.00
misc. operating expenses	\$	658.00
telephone - pump stations	\$	3,500.00
property insurance - pump stations	\$	1,950.00
legal services	\$	17,800.00
legal expenses	\$	1,000.00
engineering services	\$	14,800.00
engineering services for special projects	\$	20,000.00
miscellaneous	\$	577.00
		<u>\$ 123,785.00</u>

check calc, TOTAL 2003 Expenditures = \$,790,585.00

North Coventry Municipal Authority 2003 Budget

OPERATING FUND	2003 Budget
Operation Expenses	
Wages	\$ 200,382.00
Transportation	\$ 3,500.00
Plant - Operation & Maintenance	\$ 30,000.00
Collection System - Maintenance	\$ 18,000.00
Pump Station - Maintenance	\$ 25,000.00
Sludge Removal ; Landfill	\$ 35,000.00
Sludge Removal ; Transportation	\$ 8,900.00
Sludge Filter Press Maint. & Supply	\$ 9,500.00
Computer Sys. Program & Support	\$ 4,000.00
Chlorine	\$ 3,600.00
Materials & Supplies	\$ 5,000.00
Electricity Pump Stations	\$ 20,500.00
Electricity Treatment Plant	\$ 65,000.00
Heating Natural Gas	\$ 2,500.00
Outside Lab. Analysis & Supply	\$ 2,000.00
Employee Benefits & Retirement	\$ 62,800.00
Unemployment Compensation	\$ 520.00
Workers Compensation Insurance	\$ 10,070.00
Miscellaneous	\$ 658.00
Social Security	\$ 15,330.00
Subtotal	\$ 522,260.00
Administration Expenses	
Wages	\$ 90,120.00
Telephone Pump Stations	\$ 3,500.00
Telephone Treatment Plant	\$ 6,000.00
Billing Expenses	\$ 3,800.00
Legal Services	\$ 30,500.00
Legal Expenses	\$ 2,000.00
Engineer Services	\$ 38,000.00
Special Engineer Services	\$ 20,000.00
Auditor Fee	\$ 3,500.00
Paying Agent	\$ 1,100.00
Office Supplies	\$ 3,400.00
Insurance-Gen. Liability, Auto, Umbr.	\$ 7,000.00
Insurance-Property Treatment Pt.	\$ 11,220.00
Insurance-Property Pump Stations	\$ 1,950.00
Insurance-Public Official	\$ 4,100.00
Insurance- Treasurer Bond	\$ 470.00
Employee Benefits & Retirement	\$ 28,600.00
Unemployment Compensation	\$ 208.00
Officers Compensation	\$ 5,000.00
Social Security	\$ 7,280.00
Miscellaneous	\$ 577.00
Subtotal	\$ 268,325.00
Total Expenditures	\$ 790,585.00
Debt Service	
Principal	\$ 220,000.00
Interest	\$ 486,415.00
Subtotal	\$ 706,415.00
TOTAL EXPENDITURES	\$ 1,497,000.00

North Coventry Municipal Authority 2003 Budget

Receipts Anticipated		2003 Budget
Rentals	\$	1,125,000.00
Tapping Fees	\$	350,000.00
Earned Interest	\$	53,100.00
Pa. Act 339 Subsidy	\$	132,950.00
NCWA Reimbr. Personnel Time	\$	30,000.00
<hr/>		
Total Receipts	\$	1,691,050.00

Recommended Projects	
Collection Line Repairs Creek Rd.	\$ 314,400.00
Collection Line TV Camera	\$ 7,500.00
Brick Manhole Repairs	\$ 80,000.00
Geographical Information System	
East Main St. P.S. Force Main & Riverside Dr. Sewer Line	

EXHIBIT "H" -- ESTIMATE OF COST OF EXISTING TREATMENT FACILITIES

NORTH COVENTRY MUNICIPAL AUTHORITY
ESTIMATE OF COST OF EXISTING TREATMENT FACILITIES
Summary of Cost Components

		ENR	Costs
		Index	Indexed to
			3/1/01
1.0	Original Wastewater Treatment Plant - 1960		
	Construction	\$ 296,822.49	
	Non-Construction	\$ 34,305.25	
		\$ 331,127.74	7.62 \$ 2,523,193
2.0	1989 Plant Upgrade		
	Construction	\$ 48,340.40	
	Non-Construction	\$ 16,483.54	
		\$ 64,823.94	1.36 \$ 88,161
3.0	Deduction for demolished facilities		
3.1	Deduction for demolished facilities		
	1960 Project	\$ 143,467.47	7.62 \$ (1,093,222)
	1989 Project	\$ 39,917.00	1.36 \$ (54,287)
3.2	Deduction for Grants, Assessments received		\$ (268,229)
4.0	1997 Plant Expansion		
	Construction	\$ 5,803,912.72	1.0757 \$ 6,243,269
	Non-construction	\$ 1,525,654.13	\$ 1,525,654
		\$ 7,329,566.85	
5.0	Deduction for Contributions received		\$ (5,016)
6.0	Deduction for Portion of Plant that benefits Existing Users		\$ (3,585,816)
	Net Cost Basis for Treatment Plant	\$	5,373,707
	USE	\$	5,374,000
	Update from March 2001 to Sept 2002		1.0492
		\$	5,638,401
	East Coventry share		25.4%
		\$	1,432,154
	Round to	\$	1,432,000

NORTH COVENTRY MUNICIPAL AUTHORITY
ESTIMATE OF COST OF EXSITING TREATMENT FACILITIES

A. COST OF TREATMENT FACILITIES

"Trended Historical Costs Method"

General Formula:

Historical cost of facilities indexed to current year
Deduct for grants & assesments received
Deduct for demolished facilities
Deduct for facilities which benefit existing users
then divide the adjusted net-cost basis by available capacity = cost per gallon

1.0 Original Wastewater Treatment Plant - 1960
(source - A339 file 5339-160)

Plant site asquisition	\$	6,365.00	
General Construction	\$	138,444.00	
Mechanical	\$	92,646.43	
Heating & Ventilating	\$	9,785.00	
Electric	\$	23,654.66	
Well	\$	857.70	
Interceptors	\$	25,069.70	
Subtotal Construction			\$ 296,822.49
Design	\$	16,581.27	
Legal	\$	2,995.45	
Financial costs	\$	543.43	
Interest during construction	\$	4,461.20	
Inspection	\$	9,723.90	
Subtotal, non-construction			\$ 34,305.25
Total project cost, 1960 dollars =			\$ 331,127.74

Update to March 2001 dollars

ENR 1960 = 824
ENR 3/01 = 6280

$6280/824 = 7.62$

7.62

Indexed cost of 1960 treatment plant in March 2001 dollars \$ 2,523,193.38

2.0 Expansion of Chlorine Contact Tank & Chopper pump-1989

Construction	\$	48,340.40
Engineering	\$	16,308.04
Administrative	\$	175.50

Total project cost of 1989 additions \$ 64,823.94

Update to March 2001 dollars

ENR 1989 = 4615
ENR 3/01 = 6280

Factor = $6280/4615 = 1.36$

1.36

Cost of 1989 additions in March 2001 dollars \$ 88,160.56

COST OF EXISTING TREATMENT PLANT INDEXED TO MARCH 2001 DOLLARS: \$ 2,611,353.94

3.0 Adjustments

3.1 Deduction for demolished facilities (valuation per DEP in Act 339)				
1960 project	\$	143,467.47	index to 3/01	7.62 \$ (1,093,222.12)
1989 project	\$	39,917.00	index to 3/01	1.36 \$ (54,287.12)

3.2 Deduction for proportionate share of grants, assessments, etc

Federal Grant (1959-60)	\$	122,323.81
Federal Grant (1965-66)	\$	12,090.00
Resolution of Assesment (1959-60)	\$	433,324.80
Resolution of Assesment (1965-66)	\$	102,075.00
Resolution of Assesment (1971)	\$	210,220.00
TOTAL GRANTS & ASSESSMENTS	\$	880,033.61

Proportion grants between existing plant and existing collection system:

Existing Plant in 3/01 dollars	\$	2,611,353.94		
Existing Lines in 3/01 dollars	\$	5,956,250.00	factor =	0.30479
	\$	880,033.61	0.30479	\$ (268,228.93)
ADJUSTED COST BASIS OF EXISTING FACILITIES:				\$ 1,195,615.77

4.0 Estimated Final Construction Costs for New Plant

General	\$	4,700,768.13
Concrete testing	\$	16,316.47
Owner direct purchase	\$	80,000.00
HVAC	\$	78,083.23
Plumbing	\$	160,262.00
Electrical	\$	768,482.89
Total Cost for New Plant	\$	5,803,912.72

Update Construction Costs from receipt of bid November 1997 to March 2001

ENR 11/97 = 5838	6280/5838=1.0757	1.0757	\$ 6,243,268.91
ENR 3/01 = 6280			

5.0 Ratio of New Plant Construction Contracts to New Collection System Contracts

Plant - Contract #1	\$	4,700,768.13
Plant - Contract #2	\$	78,083.23
Plant - Contract #3	\$	160,262.00
Plant - Contract #4	\$	768,482.89
Lines - Contract # 5	\$	3,395,300.00
Lines - Contract # 6	\$	3,349,092.66
Total Construction	\$	12,451,988.91

Ratio of Plant to Total Construction =	0.4584
Ratio of Collection System to Total Construction =	0.5416

6.0 Non-Construction Costs

6.1 Engineering thru 12/31/00 for plant

Design (-107,-108,-109,-110)	\$	215,000.00	
Permits (-111, -120)	\$	8,774.77	
Construction Phase(130,131,132,133,-134)	\$	236,692.66	
Operations Consulting	\$	18,289.67	
Estimated engr to complete	\$	<u>5,000.00</u>	
SUBTOTAL			\$ 483,757.10

6.2 Non engineering costs to 12/31/00 for plant

Permit fees	\$	6,600.00	
Initial start-up supplies	\$	<u>10,000.00</u>	
SUBTOTAL			\$ 16,600.00

6.3 Project development costs common to plant & lines:

Reimburse Authority advanced funding	\$	145,991.36	
Planning Costs (un-reimbursed portion)	\$	35,500.00	
Solicitor	\$	23,684.72	
Bidding	\$	28,923.35	
Project Admin-101	\$	5,483.78	
Interest on Loan	\$	508,153.45	
Capitalized Interest	\$	1,041,996.17	
Insurance Premium	\$	42,603.00	
OID	\$	224,975.15	
Underwriter Discount	\$	62,135.00	
Issuance cost - Loan	\$	28,678.34	
Pennvest Application	\$	12,014.51	
Issuance cost - Bonds	\$	49,078.90	
Misc. financing fees	\$	3,234.89	
Engineers Assistance w/ financing	\$	<u>24,388.73</u>	
SUBTOTAL			\$ 2,236,841.35

Project development costs proportioned for plant	0.4584	\$	<u>1,025,297.03</u>
TOTAL BASE COST FOR EXIST & NEW TREATMENT PLANT		\$	8,964,538.81

7.0 Adjustments to Base Costs for treatment plant

7.1 Deduction for contributions toward construction Spotts, Stevens, & McCoy		\$	(5,016.00)
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7.2 Deduct portion of cost that benefits existing users

Allow existing users are 0.6 mgd (AADF prior to construction)
then, benefit to existing user = 0.6 mgd/1.5 mgd = 40%

Deduct 40% of Base Costs	\$	8,964,538.81	40%	\$	<u>(3,585,815.53)</u>
NET COST BASIS for TREATMENT PLANT				\$	5,373,707.29

Exhibit B – Retained WW Collection Assets

Ownership of the identified retained asset currently in the East Coventry Collection system will remain with East Coventry Township. The retained asset is a 1' of section of 8" PVC Force Main located immediately upstream of the collection system's entry to North Coventry's collection system. The retained asset is identified in the drawing below.

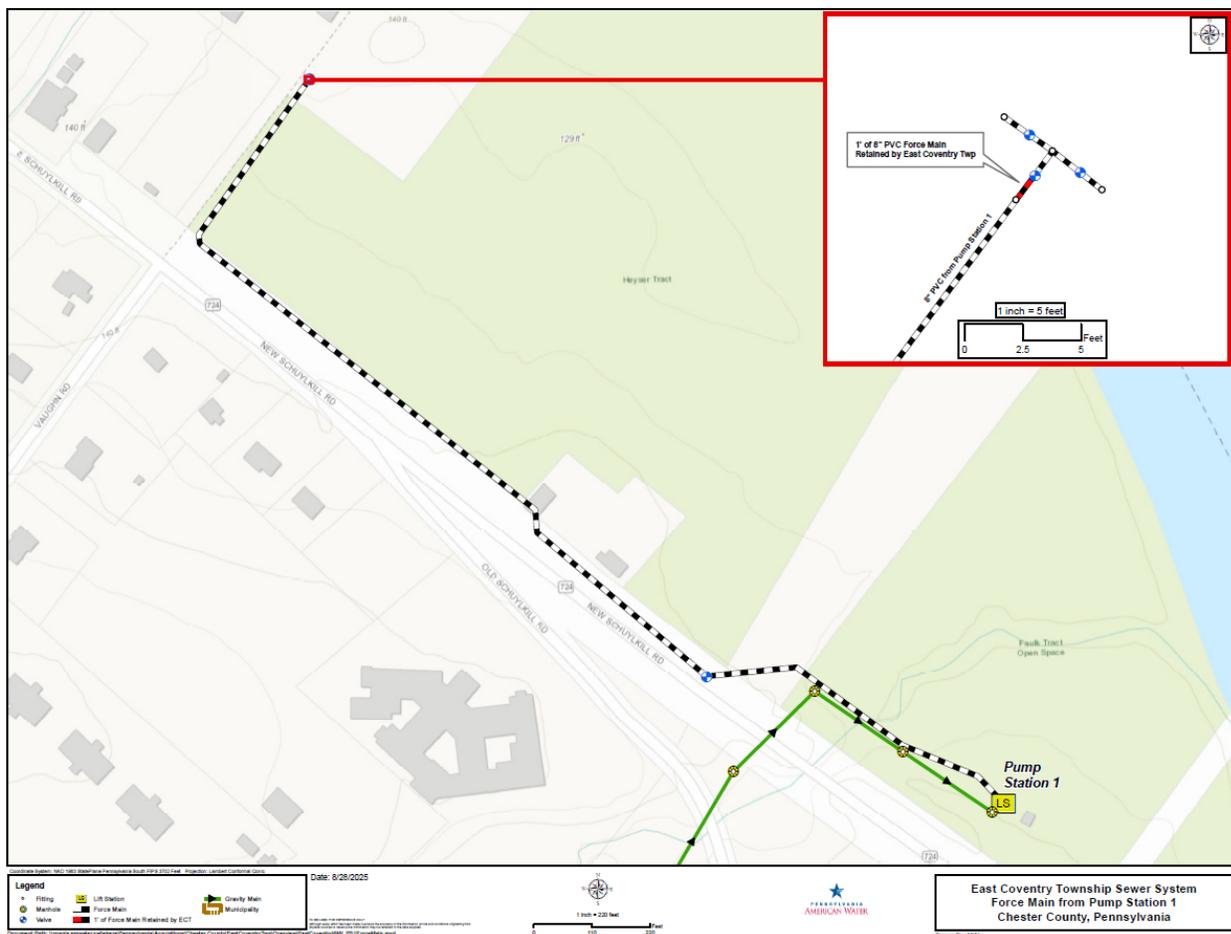


Exhibit C – Discharge Criteria

The conveyance allowance agreement provides for treatment of wastewater from PA American through East Coventry’s retained asset based on specific discharge criteria. The criteria are defined on the basis of flow parameters (gallons discharged) and on qualitative parameters (i.e. the strength of the wastewater discharged).

I. Flow Criteria

The amount of wastewater treated from PA American is measured on a “bulk allocation” basis that is, by total flow received at meter in advance of the North Coventry Municipal Authority (“Authority”) collection system, rather than by total connections, EDUs, hook-ups, customers’ bills, etc. that are in the PA American service area.

The allocation of treatment capacity for PA American is measured and is hereby limited to the following flow criteria:

1. Annual Average Daily Flow (AADF) 510,000 gallons per day
2. Maximum Monthly Average Flow (AADF x 1.2=) 612,000 gallons per day
Calculated as a calendar month and as a maximum 30 day running average
3. Maximum Weekly Average Flow (AADF x 1.5 =) 765,000 gallons per day
Calculated as a calendar week and as a maximum 7 day running average
4. Maximum Daily Flow (AADF x 2.5 =) 1,275,000 gallons per day
5. Peak Instantaneous Flow (AADF x 4 =) 2,040,000 gallons per day

II. Qualitative Criteria

The strength or quality of wastewater discharged by PA American to the retained asset of East Coventry Township is measured and hereby limited to the following criteria:

A. Concentrations

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	204 mg/L	306 mg/L	408 mg/L
Total Suspended Solids	240 mg/L	360 mg/L	480 mg/L
Ammonia as N	30 mg/L	-----	-----
Phosphorus	10 mg/L	-----	-----

B. Mass Units

<u>Criteria</u>	<u>Monthly Avg.</u>	<u>Weekly Maximum</u>	<u>Instantaneous Maximum</u>
BOD ₅	868 lbs per day	1302 lbs per day	-----
Total Suspended Solids	1021 lbs per day	1532 lbs per day	-----
Ammonia as N	127 lbs per day	-----	-----
Phosphorus	42.5 lbs per day	-----	-----

C. NPDES Permit Limits

The above criteria are based on the current treatment plant process design, and on the current NPDES discharge permit values. Any future changes of criteria as required in future NPDES permits will be applied proportionately to the PA American qualitative limits. Additionally, should notification be made to East Coventry Township regarding NPDES permit renewal applications and NPDES renewal permit issuance, notification should be provided immediately to Pennsylvania American Water.

D. Any Prohibited Waste As Defined in Exhibit "D"

Exhibit D – Prohibited Wastes

Prohibited wastes include any discharge other than that traditionally defined as Sanitary Sewage, where Sanitary Sewage means the normal water-carried household and toilet wastes from residences, apartments, business buildings, institutions, commercial and industrial (non-process discharges only) establishments and any other improved property.

Pennsylvania American Water reserves the right to refuse permission to connect to the Sewer System, to compel discontinuance of use of the Sewer System, or to compel pretreatment of Industrial Wastes by any establishments, in order to prevent discharges deemed harmful, or deemed to have a deleterious effect upon the Sewer System.

A discharge exceeds normal strength Sanitary Sewage and is a prohibited waste if any one or more of the following criteria enumerated in 1 through 6 (inclusive) are exceeded:

1. Any discharge exceeding normal domestic strength sanitary sewage, as defined by the following criteria:

BOD ₅	204 mg/L
Total Suspended Solids (TSS)	240 mg/L
Total Dissolved Solids (TDS)	500 mg/L
Settleable Solids	10 mg/L
COD	500 mg/L
Ammonia-nitrogen	30 mg/L
Organic Nitrogen as N	15 mg/L
Total Kjeldahl Nitrogen	45 mg/L
Phosphorus as P	10 mg/L
Alkalinity (as CaCO ₃)	Between 50 mg/L and 200 mg/L
pH (standard units)	Between 6.5 and 9.0

2. Any discharge containing storm water, surface water, spring water, roof runoff, subsurface drainage, building foundation drainage, cellar drainage, drainage from roof leader connections.

3. The following discharges of any liquid or solid wastes, substances or matter, are prohibited:

A. Any discharge having a temperature higher than 140 degrees Fahrenheit, or less than 32 degrees Fahrenheit.

B. Any discharge containing more than 100 milligrams per liter of dissolved fat, oil, wax, grease, either vegetable or mineral, or containing any substance which may solidify between 32 and 100 degrees Fahrenheit. Any discharge containing floatable oils, fats or grease.

C. Any discharge of liquids, solids or gases which by reason of their nature or quantity are, or may be sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the sewer facilities or to the operations of the sewer facilities.

At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system) be more than five percent (5%) nor any single reading over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.

Prohibited materials include, but are not limited to: gasoline, kerosene, naphtha, benzene, toluene, xylene, alcohols, ethers, ketone, aldehydes, peroxides, chlorates, perchlorates, bromate, carbides, hydrides, sulfides, fuel oil, motor oil, paint products, acid or other volatile, explosive or flammable substance which by reason of its nature or quality may cause fire or explosion, or be in any way injurious to persons, to the sanitary sewers or to the wastewater treatment facilities.

D. Any discharge containing toxic, noxious, poisonous or malodorous solids, liquids or gases, vapors, fumes or substance, which either singly or by interaction with other wastes, is capable of:

- Creating a public nuisance or hazard to life;
- preventing routine entry into sewers for normal maintenance and repair;
- may cause worker health and safety problems;
- interfering with any wastewater treatment process;
- constituting a hazard to humans or animals;
- causing, alone or in conjunction with other sources, the treatment plant's effluent to fail a Whole Effluent Toxicity test;
- creating any hazard in the receiving waters or in the wastewater treatment plant.

Toxic wastes shall include but not be limited to wastes containing cyanide, chromium, copper and nickel ions, or any pollutant identified pursuant to Section 307 of the Clean Water Act, as amended 33 U.S.C. 1251, et. seq.

E. Any discharge containing any garbage from kitchen wastes that has not been properly shredded.

F. Any discharge, in quantities or of such size capable of causing obstructions in the sewers, pump stations or other interferences with the proper operation of the wastewater treatment facilities, containing, but not limited to:

- animal guts or tissues, paunch manure, butchers, offal, bones, hair, hides or fleshing, entrails.
- antifreeze
- any solids greater than one-half inch in any dimension,
- ashes
- bentonite
- blood or blood components or products
- building materials
- ceramic wastes
- china
- cinders
- detergents, surfactants or other agents in quantities that cause excessive foaming at the wastewater treatment plant
- feathers
- glass, glass grindings or polishing wastes
- grass clippings
- hair
- leather
- lye
- medical wastes
- metal
- mud
- paper dishes, paper cups, paper or cardboard containers
- petroleum products (including plastics, gasoline, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil)
- plastic
- porcelain
- rags
- rubber
- sand
- sharps (needles, razor blades, syringes, scalpels, etc.),
- shavings
- sludge, screenings or other residues from treatment processes of others

- spent grains
- spent hops
- spent lime
- straw
- stone or marble dust
- tar
- waste paper
- wood
- or any other solids or viscous substances capable of causing obstruction to the flow in the sewer system or other interference with the proper operation of the sewer system or wastewater treatment plant.

G. Any discharge containing inert, insoluble solids such as: asphalt, clay, slag, mill scale, or sludges and slurries.

H. Any discharge having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment or personnel.

I. Any discharge containing total solids of such character and quality that unusual attention or expense is required to handle such materials at the wastewater treatment plant.

J. Any discharge containing radioactive isotopes.

K. Any discharge of discolored materials containing true color from any source and of any hue with less than the equivalent luminescence and greater than the equivalent purity of a 250 color unit platinum-cobalt stock standard, as determined by spectrophotometric methods. Equivalent values shall be determined at the dominant wave length of the sample and compared to the values determined at the dominant wavelength of the stock standard.

Any discharge with sufficient color that is not removed by the treatment process that causes the plant effluent to have hue color discharge in excess of 100 color units.

Any dye that is non-responsive to removal by alum coagulation to remove suspended or colloidal matter, and/or non-responsive to chlorine bleaching of the dissolved dyes.

L. Any discharge, that individually or in combinations with other wastes, exerts a chlorine demand in excess of 12 mg/L, at a detention time of 15 minutes, on the effluent of the plant after biological treatment and prior to disinfection.

M. Any discharge which will cause the wastewater treatment plant to violate its NPDES and /or Water Management Permit, or violate the water quality standards for the receiving stream. Any discharge containing wastes which are not amenable to biological treatment or removal by the existing treatment processes, or are only partially amenable to treatment such that the plant effluent does not meet the regulatory requirements; specifically, any discharge containing non-biodegradable complex carbon compounds.

N. Any discharge containing suspended solids of such character and quantity that unusual attention or expense shall be required to handle such water or waste at the wastewater treatment plant.

O. Any discharge containing more than 25 mg/L of petroleum oil, non-biodegradable cutting oils, or products of mineral oil origin.

P. Any discharge prohibited by any permit or regulation of the Pennsylvania Department of Environmental Protection, or the Environmental Protection Agency.

Q. Any discharge of waste slugs, such that the discharge exceeds the allocated flow criteria and the peaking factors associated with the flow allocation.

R. Any discharge of concentrations of anions, cations, and other various objectionable substances that would make the Authority responsible discharging such substances in excess of that amount permitted in the allocated portion of the critical flow of the receiving stream.

S. Any discharge from a trucked or hauled in source.

T. Any discharge which may cause the treatment plant's effluent or other product of the treatment plant (such as residues, sludge, or scum) to be unsuitable for reclamation, disposal, and reuse, or to interfere with the reclamation process.

In no case shall a substance discharged to the sewer system cause the treatment plant to be in noncompliance with sludge use or disposal criteria, guidelines, or regulations developed under Section 405 of the Clean Water Act, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management method being used at the treatment plant.

- U. Any waste stream with a closed cup flashpoint of less than 140 degrees Fahrenheit (that is, discharges whose vapors ignite and burn at less than 140 degrees Fahrenheit.)
- V. Any discharge containing detergents, surface active agents, or other substances which may cause excessive foaming in the treatment plant.
4. Any discharge which violates the Federal Categorical Pretreatment Standards as defined in 40 C.F.R., Subchapter N, Part 401 to 471, as amended and revised.
5. Any discharge which violates the Pennsylvania State Pretreatment Standards, where those state standards are more stringent than Federal or the Authority's standards:
6. Concentrations for elements or compounds in excess of the following:

Aluminum	5.00 mg/L,
Ammonia (as N)	30.00 mg/L
Antimony	0.10 mg/L
Arsenic	0.05 mg/L
Barium	1.00 mg/L
Beryllium (as Be)	0.10 mg/L
BOD ₅	204.00 mg/L
Boron	1.00 mg/L
Bromides	250.00 mg/L
Cadmium (as Cd)	0.01 mg/L
Chemical Oxygen Demand	500.00 mg/L
Chlorides	50.00 mg/L
Chrome	0.10mg/L
Chromium (hexavalent)	0.10 mg/L
Chromium (trivalent)	0.50.mg/L
Cobalt	0.50 mg/L
Copper	1.00 mg/L
Cyanides (as CN)	0.20 mg/L
Endrin	0.0004 mg/L
Fluorides	5.0 mg/L
Hydrogen Sulfides	0.10 mg/L
Iron	5.0 mg/L
Lead	0.05 mg/L

Lithium	2.50 mg/L
Lindane	0.008 mg/L
Magnesium	25.00 mg/L
Manganese	0.20 mg/L
Methoxychlor	0.20 mg/L
Mehylene Chloride	0.40 mg/L
Molybdenum	0.10 mg/L
Mercury	0.05 mg/L
Nickel	0.25 mg/L
Phenols	0.001 mg/L
Phosphates (as PO4)	50.00 mg/L
Phosphorus (as P)	10.00 mg/L
Selemium	0.01 mg/L
Silver	0.10 mg/L
Sulfates	500.00 mg/L
Suspended Solids	240.00 mg/L
Tin	1.00 mg/L
Total Dissolved Solids	500.00 mg/L
Total for all Priority Pollutants	15.0 mg/L
Total Halogenated Organics	2.00 mg/L
Total Kjeldahl Nitrogen	45.00 mg/L
Toxaphene	0.01 mg/L
Vanadium	0.10 mg/L
Zinc	0.50 mg/L

2,4,5-TP Silvex 0.02 mg/L

Specific Toxic Substance Notification Levels (for manufacturing, commercial, mining, silvicultural discharges):

Acrolein	200 ug/L
Acrylonitrile	200 ug/L
2-, 4-Dinitrophenol	200 ug/L
2-methyl,-4, -6 dinitrophenol	500 ug/L

The above criteria is subject to amendment based on process performance, new requirements from regulatory agencies, or technical developments.

Laboratory analysis shall be performed on a representative 24-hour composite sample (or grab sample at discretion of the Authority) and all analytical procedures shall be consistent with the latest revised edition of Standard Methods for the Examination of Water and Wastewater.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

Rates/Ratemaking

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

Response: Please refer to **Appendix A-18-d** of the Application. The notices contained in **Appendix A-18-d** provide an estimate of the cost impact on existing and acquired customers using the methodology provided for in the Final Supplemental Implementation Order at Docket No. M-2016-2543193, entered on July 2, 2024.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

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

Response: Pennsylvania-American Water Company (“PAWC”) will adopt the System’s existing rates at closing. PAWC anticipates consolidating the acquired system’s rates with PAWC’s Zone 1 rates in a future rate proceeding.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

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

Response: The estimated annual depreciation expense associated with the purchase price is \$167,255. PAWC proposes to record the acquired Utility Plant in Service (“UPIS”) at the net value. Please refer also to the tentative journal entry in **Appendix A-15-f**.

The depreciation expense is calculated as shown below:

UPIS at Acquisition: \$7,000,000
Annual depreciation expense: \$167,255
Composition depreciation rate: 2.39%

Note 1 – The composite depreciation rate is calculated for the acquired plant using the depreciation rates approved in PAWC’s most recently-approved base rate case for Wastewater Sanitary Sewer Systems General Operations at Docket No. R-2023-3043189. PAWC will utilize depreciation rates that are approved and in effect at the time of the closing of the acquisition.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

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

Response: The estimated annual revenue requirement of the System under PAWC ownership is \$1,671,000. Please refer to the Direct Testimony of Dr. Chard at **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit CEC-1, for the assumptions for the annual revenue requirement shown above.

**Provided by: Dr. Christina Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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Rates/Ratemaking

5. Provide an estimate of the annual revenues of the municipal system under the Buyer’s ownership. Provide the assumptions for the annual revenues, including both operating revenues and non-operating revenues.

Response: Please refer to **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit CEC-1, page 6 for annual revenue assumptions, including operating revenues. The Buyer is not aware of any non-operating revenue assumptions.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

6. Provide an estimate of the overall dollar and percentage rate impacts implicated from stand-alone rates that recover the Buyer’s estimated annual gross revenue requirement for the acquired system from the Seller’s customers.

Response: Please refer to **Appendix A-18-d**, page 1 of the Application for estimated monthly rate impacts. Refer to Exhibit CEC-1, page 6 for the annual revenue assumptions.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

Rates/Ratemaking

7. Provide an estimate of the overall dollar and percentage rate impacts implicated from the following rates:
- a. For water applications, rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water customers.
 - b. For wastewater applications, both water and wastewater rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water and wastewater customers, respectively.

- Response:**
- a. Not applicable.
 - b. Please refer to **Appendix A-18-d**, page 1 of the Application for the annual rate impacts.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

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

Response: No, other than the STAS, PAWC does not have any provisions in its tariff that would fall under pass-through costs or changes imposed by the Commonwealth of Pennsylvania.

PAWC’s current wastewater tariff also includes the Distribution System Improvement Charge (“DSIC”). PAWC’s Application requests that this charge be applied to System customers, subject to inclusion in PAWC’s wastewater LTIIP.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
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66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

Rates/Ratemaking

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

Response: No entities receive free service from the Seller.

**Application of Pennsylvania-American Water Company for Acquisition of
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66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

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

Response: The Buyer anticipates including Seller’s wastewater system in a combined revenue requirement in the next rate case.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
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Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

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

Response: Seller increased rates effective January 1, 2026. Following this rate increase, East Coventry projects annual sewer revenues of \$1,077,480. **See SDR 11_Attachment**, which sets forth East Coventry’s 2026 Fee Schedule, including the updated quarterly sewer rental fee of \$205.

**Application of Pennsylvania-American Water Company for Acquisition of
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66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

Rates/Ratemaking

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

Response: It is anticipated that any leases, easements and access to public-rights-of-way the Buyer will need in order to provide wastewater service will be conveyed at time of Closing. See also Sections 4.09 and 6.05 of the APA attached to the Application at **Appendix A-24-a**, for further details in identifying all easements and obtaining any missing easements.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

Costs/Benefits

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

Response: Refer to **Appendix A-10** to the Application for a breakdown of the estimated transaction and closing costs. Refer to **Appendix A-7** to the Application for a copy of the non-privileged invoices to support the transaction costs that have been incurred to date.

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Docket No. A-2025-3053487

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

Costs/Benefits

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

Response: PAWC’s national purchasing power will produce savings for expenses after ownership. Estimated cost savings include the following:

- a. PAWC’s contract pricing for pipe: 37% below the market index
- b. PAWC’s light duty vehicle purchasing: 13% below dealer invoice
- c. PAWC’s chemical expense: 20% below the market index
- d. PAWC’s power expense: at least \$0.01 per kwh less than utility price to compare
- e. PAWC’s natural gas: 10% savings over \$2.50/DTh price.

Other supply chain benefits include, but are not limited to, reliable and secure supply channels, improved warranties, price stability, strategic payment terms, discounting, and supplier responsiveness and support.

Additionally, as PAWC completes replacements of collection mains, it is expected that the reduction in inflow and infiltration will lower the wastewater treatment expense.

For additional examples, see **Appendix A-14-a**, Direct Testimony of Marcus Kohl, PAWC Statement No. 1, pp. 23-24.

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**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

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

Response: Please see **SDR 15_Attachment**.

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Costs/Benefits

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

Response: Please see **SDR 16_Attachment**.

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

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

Response: Please see **SDR 16_Attachment** and **SDR 17_Attachment**.

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

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Appraisals

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

Response: Jerome C. Weinert – Weinert Appraisal and Depreciation Services LLC. (WADS Consultants)

- a. Please see Mr. Weinert’s Curriculum Vitae attached to **Appendix A-14-b** of the Application, Direct Testimony of Jerome C. Weinert (PAWC Statement No. 4).
- b. Please see Mr. Weinert’s response to a. above.
- c. Please see below the list of dockets in which Mr. Weinert submitted testimony to a public utility commission related to the appraisal of utility property:

- A-2016-2580061 – New Garden
- A-2017-2606103 – McKeesport
- A-2018-3001582 – East Bradford
- A-2018-3002437 – Sadsbury
- A-2018-3004933 – Exeter
- A-2019-3006880 – Steelton
- A-2019-3008491 – Cheltenham
- A-2019-3009052 – East Norriton
- A-2019-3014248 – Borough of Kane
- A-2020-3019634 – Borough of Royersford

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A-2020-3019859 - Valley Township
A-2020-3020178 - Valley Township
A-2020-3021460 – Upper Pottsgrove Township
A-2021-3024267 – Lower Makefield Township
A-2021-3024681 – York City Sewer Authority
A-2021-3026132 - East Whiteland Township
A-2021-3024058 – Borough of Brentwood
A-2021-3027268 – Willistown Township
A-2022-3037047 – Butler Area Sewer Authority
A-2023-3038717 – Elizabeth Borough Municipal Authority

- d. In the past two years, Mr. Weinert submitted testimony in the below dockets. Links to the dockets where Mr. Weinert testified are below:
- i. Upper Pottsgrove Township - A-2020-3021460
<https://www.puc.pa.gov/docket/A-2020-3021460>
 - ii. York City Sewer Authority - A-2021-3024681
<https://www.puc.pa.gov/docket/A-2021-3024681>
 - iii. East Whiteland Township - A-2021-3026132
<https://www.puc.pa.gov/docket/A-2021-3026132>
 - iv. Borough of Brentwood - A-2021-3024058
<https://www.puc.pa.gov/docket/A-2021-3024058>
 - v. Willistown Township - A-2021-3027268
<https://www.puc.pa.gov/docket/A-2021-3027268>
 - vi. Butler Township Municipal Authority - A-2022-3037047
<https://www.puc.pa.gov/docket/A-2022-3037047>
 - vii. Elizabeth Borough Municipal Authority – A-2023-3038717
<https://www.puc.pa.gov/docket/A-2023-3038717>

Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

- a. Please see Mr. Walker’s Curriculum Vitae attached as Appendix HW-1 to Mr. Walker’s direct testimony, included as Appendix A-13-b to the Application (ECT Statement No. x). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.

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- b. Please see Mr. Walker’s response to a. above.
- c. Please see Mr. Walker’s response to a. above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
 - i. Borough of Royersford – A-2020-3019634
http://www.puc.state.pa.us/about_puc/consolidated_case_vie.htm?Docket=A-2020-3019634
 - ii. Valley Township – A-2020-3019859
http://www.puc.state.pa.us/about_puc/consolidated_case_vie.htm?Docket=A-2020-3019859
 - iii. Valley Township – A-2020-3020178
<https://www.puc.pa.gov/docket/A-2020-3020178>
 - iv. Upper Pottsgrove Township – A-2020-3021460
<https://www.puc.pa.gov/docket/A-2020-3021460>
 - v. Lower Makefield Township – A-2021-3024267
<https://www.puc.pa.gov/docket/A-2021-3024267>
 - vi. East Whiteland Township – A-2021-3026132
<https://www.puc.pa.gov/docket/A-2021-3026132>
 - vii. Willistown Township – A-2021-3027268
<https://www.puc.pa.gov/docket/A-2021-3027268>
 - viii. Shenandoah Borough – A-2022-3034143
<https://www.puc.pa.gov/docket/A-2022-3034143>
 - ix. City of Beaver Falls – A-2022-3033138
<https://www.puc.pa.gov/docket/A-2022-3033138>
 - x. Butler Area Sewer Authority – A-2022-3037047

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<https://www.puc.pa.gov/docket/A-2022-3037047>

- xi. Borough of Brentwood – A-2021-3024058
<https://www.puc.pa.gov/docket/A-2021-3024058>
- xii. Greenville Sanitary Authority – A-2023-3041695
<https://www.puc.pa.gov/docket/A-2023-3041695>

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Appraisals

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

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

Please see the Direct Testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at p. 15-16. Information on the discount rate can also be found in Application **Appendix A-5.1** (WADS Appraisal), the section entitled “Cost of Capital/Required Return” and at **CONFIDENTIAL Appendix A-4.2** to the Application (WADS Consultants electronic workpapers).

Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

Please see the direct testimony of Harold Walker III, included as **Appendix A-13-b** to the Application (ECT Statement No. 3) at p. 20-22, **Appendix A-5.2** to the Application (Gannett Appraisal), and **CONFIDENTIAL Appendix A-4.3** to the Application (Gannett electronic workpapers).

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Appraisals

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

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

WADS Consultants used replacement cost. Please see direct testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at p. 6 for an explanation of why the replacement cost was chosen.

Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

Gannett Fleming used the original cost new (OCN) to calculate the trended original cost (TOC) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. We converted reproduction cost new to replacement cost new (RCN) after factoring in obsolescence. We used the TOC method because the mandated use of the Engineering Assessment’s original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the direct testimony of Harold Walker III, included as **Appendix A-13-b** to the Application (ECT Statement No. x) at pp. 17-18 for an explanation of why this method was chosen.

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Appraisals

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

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

The source of the purchase prices used in the comparable sales approach to the Market Approach was the Asset Purchase Agreements in those transactions. Please see WADS Appraisal report Market Approach section pages 4-5, 7-8, 10-11 and 12-13 of 15 for excerpts from those agreements. Mr. Weinert compared purchase price to original cost less depreciation and to replacement cost new less depreciation, Customers, and EBITDA (periods 1-5 & periods 1-13) in the comparable sales approach.

Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

Please see pages 11 to 88 of Exhibit 23 (workpapers) from **Appendix A-5.2** to the Application (Gannett Appraisal) for the source for the purchase price and number of customers for each comparable acquisition used in the Gannett Appraisal.

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Appraisals

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

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

No.

Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

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

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Miscellaneous

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

- Response:**
- a. The outstanding compliance issue is the construction of the Parker Ford extension identified in the Township’s Act 537 Plan Update.
 - b. PAWC plans to have the Parker Ford extension completed within five years of closing.
 - c. PAWC will file an updated Act 537 Plan that will be approved by DEP in advance of closing. The update will reflect the change in ownership of the sewer system, confirm PAWC will construct the Parker Ford extension, and update the project timeline to five years.
 - d. The estimated cost of the Parker Ford extension is included in the CAPEX plan in Exhibit MJG-2.
 - e. **WAD:** Not applicable.

Gannett Fleming: Gannett Fleming’s appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating

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future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment’s inventory.

**Provided by: Michael J. Guntrum, P.E. – Senior Project Engineer
Pennsylvania-American Water Company**

**Jerome C. Weinert, Principal & Director
Weinert Appraisal & Depreciation Services LLC.**

**Harold Walker III, Manager, Financial Studies
Gannett Fleming Valuation and Rate Consultants, Inc.**

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Miscellaneous

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

- Response:**
- a. No.
 - b. Not applicable.
 - c. Not applicable.
 - d. Not applicable.
 - e. Not applicable.

**Provided by: Michael J. Guntrum P.E., Engineering Manager
Pennsylvania-American Water Company**

EAST COVENTRY TOWNSHIP

BOARD OF SUPERVISORS

CHESTER COUNTY, COMMONWEALTH OF PENNSYLVANIA

RESOLUTION NO. 2026-04

**A RESOLUTION PROVIDING AN UPDATE TO THE FEES
NECESSARY FOR THE TOWNSHIP TO COVER ITS
COSTS TO PROCESS TOWNSHIP PERMITS AND
APPLICATIONS FOR THE BENEFIT OF PRIVATE
PROPERTY OWNERS.**

WHEREAS, from time to time, it is necessary for East Coventry Township (the “Township”) to review and revise its fee schedule to reflect the increased cost of conducting business; and

WHEREAS, the Board of Supervisors of East Coventry Township (the “Board of Supervisors”) does hereby rescind Resolution Number 2025-16 pertaining to a schedule of fees and costs, including, but not limited to, subdivision and land development and stormwater management administrative fees; and

WHEREAS, the Second Class Township Code, P.L. 350, No. 60, as amended, pursuant to Section 1506, provides for the adoption of regulations for the proper management of Township finances; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 1 Administration and Government, Section 1-1201, provides for the Board of Supervisors to assess fees incurred in the collection of delinquent accounts and charges; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 5 Code Enforcement, Sections 5-111, 5-206, and 5-208 provides for the Board of Supervisors to establish fees for plan examination, permit application, and inspection with

respect to building, plumbing, property maintenance, mechanical, electrical, and floodplain codes; and to establish fees for appeals to the Township Uniform Construction Code Board of Appeals; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 9 Grading and Excavating, Sections 9-161 and 9-162, provides for the Board of Supervisors to establish fees and financial security with respect to stormwater management site plan review, operation and maintenance agreements, operation and maintenance plans and agreements, as-built plans, inspections, and enforcement including the administration of a drainage permit; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 13 Licenses, Permits, and General Business Regulations, Section 13-104, provides for the Board of Supervisors to establish a fee with respect to persons conducting transient retail business activity; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 14 Mobile Homes and Mobile Home Parks, Sections 14-105 and 14-108, provides for the Board of Supervisors to establish a fee with respect to permits, inspections, investigations, and plans with respect to mobile home parks; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 15 Motor Vehicles, Section 15-506, provides for the Board of Supervisors to establish fees with respect to a vehicle owner reclaiming his/her vehicle; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 18 Sewers and Sewage Disposal, Sections 18-209, 18-306, and 18-310 provides for the Board of Supervisors to establish fees with respect to management of individual

and community on-lot sewage systems, sanitary sewer/building sewer permit applications, and sewer rental fees; and

WHEREAS, the Code of the Township of East Coventry, as enacted and amended, pursuant to Chapter 21 Streets and Sidewalks, Sections 21-105 and 21-202, provides for the Board of Supervisors to establish fees with respect to constructing new driveways and substantial improvements to existing driveways and fees in accordance with the Pennsylvania Department of Transportation for Highway Occupancy Permits and Restoration Charges with respect to the administration of a permit for improvements within or over a Township right-of-way; and

WHEREAS, the Pennsylvania Municipalities Planning Code, Act of 1968, P.L. 805, No. 247, as reenacted and amended, pursuant to Section 503.(1), provides for the charge of review fees including the necessary and reasonable charges by the Township Consultants for review and report with respect to the administration of Chapter 22 Subdivision and Land Development of the Code of the Township of East Coventry; and

WHEREAS, the Pennsylvania Municipalities Planning Code, Act of 1968, P.L. 805, No. 247, as reenacted and amended, pursuant to Section 503-A, provides for the charge of impact fees for any of the offsite public transportation capital improvements with respect to the administration of Chapter 22A Transportation Impact Fees of the Code of the Township of East Coventry; and

WHEREAS, the Pennsylvania Municipalities Planning Code, Act of 1968, P.L. 805, No. 247, as reenacted and amended, pursuant to Section 617.3(e), provides for the Board of Supervisors to prescribe reasonable fees with respect to the administration of Chapter 27 Zoning of the Code of the Township of East Coventry; and

WHEREAS, the Pennsylvania Municipalities Planning Code, Act of 1968, P.L. 805, No. 247, as reenacted and amended, pursuant to Section 908.(1.1), provides for the Board of

Supervisors to prescribe reasonable fees with respect to hearings before the Zoning Hearing Board; and

WHEREAS, the Pennsylvania Municipalities Planning Code, Act of 1968, P.L. 805, No. 247, as reenacted and amended, pursuant to Section 909.1.(b), vests jurisdiction in the Board of Supervisors for all applications for conditional use, curative amendments, amendments to land use ordinances, special encroachment permits, appeals from Zoning Officer or Township Engineer determinations in the administration of the provisions of any land use ordinance referable to sedimentation and erosion control and stormwater management under Chapter 22 Subdivision and Land Development of the Code of the Township of East Coventry, and the Board of Supervisors are authorized to establish reasonable fees for such applications.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors, that the following Schedule of Financial Securities and Fees to be paid by each applicant or appellant filing an application(s) or appeal(s) to the Township Treasurer upon submission, as follows:

Second Class Township Code, Section 1506

1. Black and White Photocopy 8 ½” x 11” (per printed side of page): \$0.25
2. Color Photocopy 8 ½” x 11” (per printed side of page): \$0.50
3. All Other Photocopies: Charged at cost.
4. Postage: Charged at cost.
5. False Alarm - One Free Per Year
 - a. Police Department Responds Each Additional Time: \$125.00
 - b. Fire Department Responds Each Additional Time: \$150.00
 - c. Police and Fire Departments Respond Each Additional Time: \$175.00
6. Copy of Accident Report or Police Incident Report: \$15.00

- 7. Park Pavilion Rental
 - a. Ellis Woods and Towpath Parks
 - i. Township Resident (per day): \$100.00
 - ii. Non-Township Resident (per day): \$150.00
- 8. Township Meeting Room Rental (per day): \$50.00
- 9. Returned Check Fee: \$35.00
- 10. Township Consultants Fees: Invoiced per fee schedule rates in Appendix A.
- 11. Performing Work Without a Township Permit Fee: 1½ times the cost of permit fee(s).
- 12. Miscellaneous Agreement Drafting and Review Escrow: \$3,000.00.

Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A. In the event the escrows are exhausted, the property owner shall replenish the escrow account in the amount requested by the Township within five (5) business days of the date of notice sent to the address furnished by the property owner/party/entity requesting or otherwise desirous of the agreement.

- 13. Flood Plain Determination Review Escrow for Review by the Township Engineer if Deemed Necessary by the Zoning Officer: \$ 1,000.00

Chapter 1 Administration and Government, Section 1-1201 Collection of Delinquent Accounts and Charges

- 14. Township Solicitor Fees: Invoiced per Wisler Pearlstine, LLC rates in Appendix A.

Chapter 5 Code Enforcement, Sections 5-111, 5-206, and 5-208 Building, Plumbing, Property Maintenance, Mechanical, and Electrical Review, Permit, and Inspections Fees and Uniform Construction Code Board of Appeals

- 15. Building Code Official Fees
 - a. Fees regarding the Pennsylvania Uniform Construction Code and Chapter 5 of the Code of the Township of East Coventry are calculated and invoiced by Barry Isett & Associates Inc. at rates in Appendix A, plus ten percent (10%) of the permit cost for Township administrative and overhead costs. All inspection fees are to be paid to the Township prior to the issuance of the Use and Occupancy Certificate.
 - b. Uniform Construction Code Training Fee for Building Permits: \$4.50

16. Uniform Construction Code Board of Appeals

- a. Residential Appeal from Building Code Official: \$1,000.00
- b. Residential Request for a Variance: \$1,000.00
- c. Non-residential Appeal from Building Code Official: \$1,000.00
- d. Non-residential Request for a Variance: \$1,000.00
- e. Extension of Time: \$750.00

Chapter 9 Grading and Excavating, Sections 9-161 and 9-162 Stormwater Management Plan Review and Inspection

17. Drainage Permit: \$100.00

18. Stormwater Management Plan Review and Inspection Escrow: \$3,000.00

Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A. In the event the escrows are exhausted, the property owner shall replenish the escrow account in the amount requested by the Township within five (5) business days of the date of notice sent to the address furnished by the property owner on the application, or a stop work order shall be issued. Inspection fees will terminate after certification by the Township Consultant having jurisdiction that all work is completed and acceptable. Any unused funds will be returned.

19. Stormwater Management Agreement Drafting and Review Escrow: \$3,000.00

Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A. In the event the escrows are exhausted, the property owner shall replenish the escrow account in the amount requested by the Township within five (5) business days of the date of notice sent to the address furnished by the property owner, party, or entity requesting or otherwise desirous of the agreement.

Chapter 13 Licenses, Permits, and General Business Regulations, Section 13-104 Transient Retail Business Activity

20. Transient Retail Business Permit: \$100.00

Chapter 14 Mobile Homes and Mobile Home Parks, Sections 14-105 and 14-108 Mobile Home Park Application and Renewal Fees

21. Mobile Home Park License Application Fee: \$100.00

22. Mobile Home Park Annual License Renewal Fee: \$100.00

**Chapter 15 Removal and Impoundment of Illegally Parked Vehicles, Section 15-506
Impounded Vehicle Reclamation Fees**

23. Towing, Storage, and Associated Costs: Charged at cost.

**Chapter 18 Sewers and Sewage Disposal, Sections 18-209, 18-306, and 18-310 On-lot Sewage
Systems, Sanitary/Building Sewer Permit, and Sewer Rental Fees**

24. Sanitary Sewer Permit: \$500.00

Payable at the time the Sanitary Sewer Permit Application is submitted. Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A for work associated with review, approval, and inspections. The \$500.00 will be credited toward costs incurred for services performed under the East Coventry Township Contract for Professional Services.

25. Sanitary Sewer Permit Escrow: \$1,500.00

Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A. In the event the escrows are exhausted, the property owner shall replenish the escrow account in the amount requested by the Township within five (5) business days of the date of notice sent to the address furnished by the property owner/party/entity requesting or otherwise desirous of the agreement.

26. Sewage Facilities Planning Module Review Fee

a. On-lot Sewage Disposal System: \$1,500.00

b. Public Sanitary Sewage System: \$500.00

27. Sewage Facilities Agreement Drafting and Review Escrow: \$3,000.00

Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A. In the event the escrows are exhausted, the property owner shall replenish the escrow account in the amount requested by the Township within five (5) business days of the date of notice sent to the address furnished by the property owner/party/entity requesting or otherwise desirous of the agreement.

28. Building Sewer Repair Permit Application Fee: \$100.00

29. Public Sanitary Sewage System Tapping Fee (per equivalent dwelling unit): \$6,797.00

30. Quarterly Sanitary Sewer Rental: \$205.00

31. Sewer Payment Certification Fee (per parcel): \$15.00

32. Holding Tank Permit Application Fee: \$100.00

33. Holding Tank Permit Escrow: \$1,500.00

Actual cost is invoiced in accordance with the Township Consultants' rates in Appendix A. In the event the escrows are exhausted, the property owner shall replenish the escrow account in the amount requested by the Township within five (5) business days of the date of notice sent to the address furnished by the property owner, party, or entity requesting or otherwise desirous of the agreement.

Chapter 21 Streets and Sidewalks, Section 21-202 Road Occupancy Permits

34. Driveway Permit and Inspection

- a. Existing Driveway Permit Application: \$175.00
- b. New Driveway Permit Application: \$225.00
- c. Existing Driveway Inspection: \$175.00
- d. New Driveway Inspection: \$225.00

35. Road Occupancy Permit: In accordance with the Pennsylvania Department of Transportation Schedule of Fees for Highway Occupancy Permits and Restoration Charges.

Chapter 22 Subdivision and Land Development

36. Land Development Fees (land development not involving subdivision). The below fees are applicable to Sketch, Preliminary, and Final Plan submissions.

<u>Acres Affected</u>	<u>Application Fee</u>	<u>Escrow*</u>
0 to 4.99	\$500.00	\$5,000.00
5.0 to 9.99	\$500.00	\$5,000.00
10 to 19.99	\$500.00	\$8,000.00
20 to 49.99	\$500.00	\$10,000.00
50 +	\$750.00	\$12,000.00

Escrow deposit for cost of inspection of improvements, construction materials, site testing, or maintenance prior to acceptance of improvements by the Township pursuant to Section 703 of Chapter 22 of the Township's Code of Ordinances, as amended, shall be ten percent of the estimated project cost.

37. Subdivision Fees.

a. Minor Subdivision

<u>Number of Lots</u>	<u>Application Fee</u>	<u>Escrow*</u>
1+	\$300.00	\$3,500.00

b. Major Subdivision

i. Sketch Plan

<u>Number of Lots</u>	<u>Application Fee</u>	<u>Escrow*</u>
1 to 2	\$500.00	\$2,500.00
3 to 5	\$500.00	\$3,000.00
6 to 10	\$500.00	\$6,000.00
11 to 50	\$500.00	\$10,000.00
51 to 100	\$750.00	\$15,000.00
101 +	\$750.00	\$20,000.00

ii. Preliminary Plan

<u>Number of Lots</u>	<u>Application Fee</u>	<u>Escrow*</u>
1 to 2	\$500.00	\$5,000.00
3 to 5	\$500.00	\$6,000.00
6 to 10	\$500.00	\$12,000.00 + \$100.00/lot
11 to 50	\$750.00	\$15,000.00 + \$150.00/lot
51 to 100	\$750.00	\$15,000.00 + \$200.00/lot
101 +	\$750.00	\$20,000.00 + \$250.00/lot

iii. Final Plan

<u>Number of Lots</u>	<u>Application Fee</u>	<u>Escrow*</u>
1 to 2	\$500.00	\$3,000.00
3 to 5	\$500.00	\$5,000.00
6 to 10	\$500.00	\$6,000.00 + \$100.00/lot
11 to 50	\$750.00	\$6,000.00 + \$100.00/lot
51 to 100	\$750.00	\$7,000.00 + \$100.00/lot
101 +	\$750.00	\$10,000.00 + \$100.00/lot

Escrow deposit for cost of inspection of improvements, construction materials, site testing, or maintenance costs prior to acceptance of improvements by the Township pursuant to Section 703 of Chapter 22 of the Township's Code of Ordinances, as amended, shall equal ten percent (10%) of the estimated project cost.

(*) Fees of Professional Consultants. The Township shall be reimbursed for the charges of its professional consultants used in connection with any land use matter. Such charges shall be billed to the appropriate person in accordance with the Township Consultants' rates in Appendix A for work that is not reimbursable, plus five percent (5%) for administrative costs, including but not limited to the following:

- A. The services of the Township Engineer, as provided in Chapter 22 of the Township Code of Ordinances, plus all costs for other engineering and professional certifications as deemed necessary.
- B. The services of the Township Solicitor for legal services incidental to the review and approval of plans for each subdivision and land development, or section thereof, and specifically including but not limited to the review of all plans, correspondence and permits, the preparation of subdivision and land development escrow agreements, easements, covenants and deeds; the attendance at any meetings with the Board of Supervisors, the Planning Commission, the Township Engineer, the Township Manager or other staff, the Developer or Developer's representatives in connection with the development; and any telephone conferences in connection with any of the above.
- C. The actual costs of all drainage, water, and/or material tests.
- D. Legal fees, advertising, and other costs involved in the dedication of streets and public improvements to the Township.
- E. The administrative costs of processing subdivision and land development escrow account release requests as follows: ten percent (10%) of the total amount of every escrow release request of less than \$500.00 and in the amount of \$100.00 for every escrow release request in excess of \$500.00. Such charge shall be due and payable at the time the escrow release is submitted to the Township.

These are the initial amounts to be deposited with the Township for purposes of reimbursing itself or paying review fees in accordance with Chapter 22, Section 703 Fees and Costs of the Code of Ordinances of East Coventry Township. The respective initial deposit shall be made, together with the applicable application filing fee, at the time the subdivision and/or land development application is filed. Additional deposits shall be required by the Township if the balance of the escrow account falls below twenty-five percent (25%) of the amount of the initial deposit.

Chapter 22A Traffic Impact Fees

- 38. Transportation Service Area North: \$3,557.00 per new weekday afternoon trip
- 39. Transportation Service Area South: \$826.00 per new weekday afternoon trip

Chapter 27 Zoning

40. Zoning Permit: \$150.00

41. Zoning Verification Letter: \$100.00

42. Zoning Hearing Board

a. Substantive Challenge to the Validity of the Zoning or Other Land Use Ordinance

i. Residential, Agricultural, Noncommercial or Nonindustrial: \$3,000.00

ii. Commercial or Industrial: \$5,000.00

b. Challenge to the Validity of the Zoning Ordinance or Other Land Use Ordinance Raising Procedural Questions or Alleged Defects in the Process of Enactment or Adoption: \$5,000.00

c. Appeal from Zoning Officer Determination

i. Residential, Agricultural, Noncommercial or Nonindustrial: \$1,000.00

ii. Commercial or Industrial: \$2,500.00

d. Application for Special Exception

i. Residential, Agricultural, Noncommercial or Nonindustrial: \$1,000.00

ii. Commercial or Industrial: \$2,500.00

e. Application for Variance

i. Residential, Agricultural, Noncommercial or Nonindustrial: \$1,000.00

ii. Commercial or Industrial: \$2,500.00

43. Board of Supervisors

a. Application for a Curative Amendment to the Zoning Ordinance

i. Residential, Agricultural, Noncommercial or Nonindustrial: \$3,000.00

ii. Commercial or Industrial: \$5,000.00

- b. Petition to Amend the Zoning Ordinance or Zoning Map
 - i. Residential, Agricultural, Noncommercial or Nonindustrial: \$2,500.00
 - ii. Commercial or Industrial: \$5,000.00
 - c. Conditional Use
 - i. Residential, Agricultural, Noncommercial or Nonindustrial: \$3,000.00
 - ii. Commercial or Industrial: \$3,000.00
44. The filing fees for the Zoning Hearing Board and Board of Supervisors shall be paid to the Township at the time the appeal, application or petition is filed.
45. The filing for the Zoning Hearing Board for appeals and applications to the Zoning Hearing Board shall be an initial deposit to cover the cost of the following with respect to hearings before the Zoning Hearing Board upon the appeal or application:
- a. Compensation for the members of the Zoning Hearing Board;
 - b. Notice and advertising costs;
 - c. Necessary administrative overhead connected with the hearing; and
 - d. Fifty percent (50%) of the appearance fee for the stenographer (court reporter).
46. Unless and to the extent otherwise provided by law, the fees for the Board of Supervisors for the filing of applications and petitions to the Board of Supervisors shall be an initial deposit to cover the following costs and fees:
- a. Any and all costs and fees incurred by the Township in connection with the processing, hearing, review, and determination of the application or petition, including, without limitation, hearing notice and advertising costs, necessary administrative overhead, and the entire appearance fee of the stenographer (court reporter) at the hearing upon the application or petition; and
 - b. The cost of the original transcript of the hearing proceedings before the Board of Supervisors upon the application or petition; and
 - c. The cost of one copy of the transcript of the hearing proceedings before the Board of Supervisors upon the application or petition for use by the Board of Supervisors.

47. In the event that the filing fees for the Zoning Hearing Board and Board of Supervisors do not cover the respective costs and fees set forth above, the appellant, applicant or petitioner shall be responsible for payment of the excess costs and fees, and shall pay the amount of the excess to the Township within thirty (30) days from the date of the Township's invoice for the excess. In the event that the filing fees for the Zoning Hearing Board and Board of Supervisors exceed the respective costs and fees set forth above, the Township shall refund the amount of the excess to the appellant, applicant or petitioner.

48. Transcripts of hearing proceedings:

- a. The cost of the original transcript of the hearing proceedings upon an appeal or application before the Zoning Hearing Board under Paragraph 4 shall be paid by the Zoning Hearing Board, if the Board orders the transcript. However, in the case of an appeal from the decision of the Zoning Hearing Board, the person appealing the decision shall pay the cost of the original transcript. In all other cases, the person requesting the original transcript shall bear the cost thereof. The cost of any copy of the transcript shall be paid by the person requesting the copy.
- b. If the appellant or applicant before the Zoning Hearing Board is the person responsible for payment of the cost of the original or any copy of the transcript under subparagraph a. and is entitled to a refund of filing fees under Paragraph 45, the cost of the original or copy of the transcript shall be deducted from the amount of the refund and the balance, if any, of the refund shall be remitted to the appellant or applicant.
- c. The cost of the original and one copy of the transcript of the hearing proceedings upon an application or petition before the Board of Supervisors under Paragraph 41 shall be paid by the applicant or petitioner pursuant to Paragraph 44 or Paragraph 45. The cost of any other copy of the transcript shall be paid by the person requesting the other copy. If the applicant or petitioner is the person requesting the other copy of the transcript and is entitled to a refund of filing fees under Paragraph 45, the cost of the other copy shall be deducted from the amount of the refund, and the balance, if any, of the refund shall be remitted to the applicant or petitioner.

ADOPTED at the public meeting of the Board of Supervisors of East Coventry Township

held on this 5th day of January, 2026.

**BOARD OF SUPERVISORS OF
EAST COVENTRY TOWNSHIP**

Attest:



Eugene C. Briggs, Secretary

By:



Catharine B. Small, Chair

**APPENDIX A
EAST COVENTRY TOWNSHIP
CONSULTANT RATES**

Wisler Pearlstine, LLP

Offices in Blue Bell • Newtown • Malvern

Blue Bell Executive Campus
460 Norristown Road, Suite 110
Blue Bell, Pennsylvania 19422-2323
610.825.8400 • Fax 610.828.4887
www.wislerpearlstine.com

Mark A. Hosterman, Esquire
mhosterman@wispearl.com

August 28, 2025

VIA EMAIL

East Coventry Township
Eugene Briggs, Township Manager
855 Ellis Woods Road
Pottstown PA 19465

RE: Updated Request for Reappointment Township Solicitor 2026

Dear Mr. Briggs,

Please include this engagement letter for consideration by the Board of Supervisors at the annual reorganization meeting. We have not increased our rates for East Coventry Township in three years. For 2026, we will have an increase in our hourly rates per the rate schedule included with this letter. The terms of this engagement letter remain substantially similar to our last engagement letter.

This letter will briefly describe the ways in which our firm handles the attorney/client relationship, as well as our firm's billing policies, procedures, and rates. Obviously, I would be happy to hear from you at any time if you have a question about any aspect of our professional relationship.

Our statements will be rendered monthly. We have found that one advantage of regular billing is that it enables our clients to monitor on a current basis the cost effectiveness of the services we are rendering. If at any time you wish to discuss the scope of our representation, or the level of our activity, or any other aspect of our work or billing for our work, please don't hesitate to contact me. We request our statements to be paid upon presentation, but not later than 30 days after being timely received by the Township.

Our statements will include itemized charges for any expenses and services such as filing fees, messenger and delivery services, overnight mail, and computerized legal research if we use Lexis, Nexis, Westlaw, or another widely recognized legal research outlet that bills us for our use. Obviously, these expenses are incurred on your behalf only on an as-needed basis.

We do not charge for routine office expenses such as copying, routine postage, staff overtime or the like unless, in our opinion, the extent of such expenses becomes extraordinary. We do not charge for travel time to and from regularly scheduled monthly Board of Supervisors meetings. However, travel time will be charged for other in-person meetings during normal business hours and night

ATTORNEYS AT LAW

Newtown Office:
Post Office Box 1186 • 301 North Sycamore Street • Newtown, Pennsylvania 18940 • 215.579.5995 • Fax 215.579.7909
4919-1032-5859, v. 1

Eugene Briggs
August 28, 2025
Page 2

meetings other than the regular Board of Supervisors meetings. When feasible, such travel time will be billed to a file that is reimbursable to the Township.

We regularly communicate with clients and with third parties on behalf of our clients using cellular telephone and unencrypted emails. These means of communication are susceptible to varying risks of interception or mis-delivery to unintended recipients. Your acceptance of this engagement letter below will signify your consent to these means of communication and assumption of associated risks.

We have an ethical obligation to reserve the right to withdraw in the event of a conflict of interest with an established client, your lack of cooperation, or other reason which would frustrate or preclude our continuing to represent the Township. At this time, we are not aware of any such conflict or other reason preventing us from representing you and will not knowingly create such a situation.

Our firm also takes pride in providing what is called narrative billing. This means that we explain in detail the nature of any services that we render. Although this type of billing requires more attention from us, we have found that our clients genuinely appreciate the detail.

During our representation of you in these matters, we will attempt to provide you with a copy of all significant documents and correspondence. In addition, you are entitled, upon written request, to those papers in our possession related to the legal services performed by us for you, excluding our internal accounting records and other documents not reasonably necessary to your representation (subject to our right to make copies of any files withdrawn by you). Once a particular matter is concluded, we will close your file. Your physical files may be sent to storage off-site, and thereafter there may be an administrative cost for retrieving them from storage. Thus, we recommend that you request copies of any additional documents you would like to obtain from our file at the conclusion of your matter. Under our document retention policy, we normally destroy files six (6) years after the matter is closed, unless other arrangements have been made, in writing, by the client. If such arrangements have not been made, you authorize us to destroy the contents of your file after the normal six (6) year period from the conclusion of a matter.

ATTORNEYS AT LAW

Newtown Office:

Post Office Box 1186 • 301 North Sycamore Street • Newtown, Pennsylvania 18940 • 215.579.5995 • Fax 215.579.7909

Eugene Briggs
August 28, 2025
Page 3

At all times, I will have the primary responsibility for your files here at our office. If you ever have any questions about our work, I hope you will not hesitate to call me. Unless I am traveling out of the office, you will find that your calls are promptly returned.

The terms of this engagement letter will also apply to services rendered for such future matters that the firm and the Township mutually agree will be handled by the firm including any future appointments to the position of Township Solicitor in a subsequent year. However, subsequent appointments may be subject to hourly rate increases which would be revealed prior to such an appointment.

If any of the details of our proposed attorney-client relationship as set forth above do not meet with your approval, please let me know as soon as conveniently possible. If the terms set forth are acceptable, we request that you execute a copy of this letter and return it to our office indicating your understanding and agreement to the terms of our engagement. We thank you once again for the opportunity to continue being of service to the Township.

Sincerely,



MARK A. HOSTERMAN, ESQUIRE

ACCEPTED BY:

(print name of Chairperson)

Date: _____

ATTORNEYS AT LAW

Newtown Office:

Post Office Box 1186 • 301 North Sycamore Street • Newtown, Pennsylvania 18940 • 215.579.5995 • Fax 215.579.7909

East Coventry Township
Wisler Pearlstine, LLP
2026 Schedule of Rates

	2025	2026
Description	Rate	Rate
Partners/Senior Associates	175.00	180.00
Associates	160.00	165.00
Labor Counsel	215.00	220.00
Law Clerk	110.00	115.00
Paralegal	110.00	115.00
Partners - Litigation*	220.00	225.00
Associates - Litigation*	195.00	200.00

*The above litigation rates include matters in the Court of Common Pleas and PA Appellate Courts for zoning and land use appeals and enforcement and collection matters including municipal claims in accordance with the Municipal Claims and Tax Lien Law of 1923, as amended. Rates for other matters shall be based on the complexity of the subject matter of the litigation and the individual attorneys assigned to represent the Township.



September 4, 2025

Mr. Eugene C. Briggs, Jr.
Township Manager
East Coventry Township
855 Ellis Woods Road
Pottstown, PA 19465

Subject: 2026 Reappointment Request and Rate Schedule

Dear Mr. Briggs:

Carroll Engineering Corporation (CEC) respectfully requests to be reappointed as Township Engineer and Driveway Inspector for calendar year 2026. Attached you will find a copy of CEC's 2026 rate table, which has been reformatted and recategorized from prior years. Our 2026 rate schedule reflects an approximate comprehensive increase of 2.67% from 2025 rates based on staff who historically provide the bulk of services to the Township. Please note that our rate increases in 2024 and 2025 were only 3.27% and 1.5%, respectively. During that period, the cost of living in our area has increased 2.7%, health insurance costs for our employees have increased 27%, and our general and professional liability insurances have increased 9.6% and 5%, respectively. Please also note that the proposed 2026 rate for the undersigned remains unchanged from 2025.

I would like to take this opportunity to thank you for your confidence in CEC. We truly appreciate the opportunity to be your business partner and look forward to serving and continuing our relationship with you for years to come. As always, if you have any questions, or should you require any additional information, please do not hesitate to contact me via email at bflaharty@carrollengineering.com or mobile phone at 484-995-7137.

Very truly yours,

CARROLL ENGINEERING CORPORATION

A handwritten signature in black ink, appearing to read 'Brady L. Flaharty', written in a cursive style.

Brady L. Flaharty, P.E.
Municipal Practice Leader

Attachments
BLF:cam

Today's Commitment to Tomorrow's Challenges

Corporate Office:
949 Easton Road
Warrington, PA 18976
215.343.5700

630 Freedom Business Center
Third Floor
King of Prussia, PA 19406
610.572.7093

433 Lancaster Avenue
Suite 200
Malvern, PA 19355
610.489.5100

105 Raider Boulevard
Suite 206
Hillsborough, NJ 08844
908.874.7500

www.carrollengineering.com



**EAST COVENTRY TOWNSHIP
RATE SCHEDULE FOR 2026**

ENGINEERING AND PROJECT
MANAGEMENT SERVICES

Department Manager	\$ 170.00
Professional V	170.00
Professional IV	163.00
Professional III	151.00
Professional II	143.00
Professional I	133.00
Project Manager III	151.00
Project Manager II	143.00
Project Manager I	133.00
Technician IV	130.00
Technician III	120.00
Technician II	91.00
Technician I	73.00
Engineer II	129.00
Engineer I	119.00
Project Administrator	83.00
Clerical	49.00
Clerk	48.00

SURVEY AND GIS SERVICES

<u>Field Personnel</u>	
Party Chief	\$ 126.00
Survey Field Technician	91.00
Robotic Crew	148.00
GIS Manager	\$ 156.00
Senior GIS Analyst	119.00
GIS Analyst	107.00

TRAFFIC AND TRANSPORTATION SERVICES

Traffic Manager	\$ 190.00
Senior Traffic Engineer	185.00
Traffic Engineer	155.00

CONSTRUCTION CONTRACT ADMINISTRATION
AND OBSERVATION SERVICES

Principal	\$ 178.00	Chief Field Representative	\$ 130.00
		Field Representative III	118.00
		Field Representative II	96.00
		Field Representative I	91.00
		Contract Administrator	124.00

Mileage in accordance with IRS Regulations

Reimbursable expenses shall be in accordance with CEC's 2026 Reimbursable Expense Rate Schedule (a copy of which is attached).

All services performed in accordance with CEC's Standard Consulting Contracting Terms and Conditions for Municipal and Municipal Authority (a copy of which is attached).

Today's Commitment to Tomorrow's Challenges

Corporate Office: 949 Easton Road Warrington, PA 18976 215.343.5700	630 Freedom Business Center Third Floor King of Prussia, PA 19406 610.572.7093	433 Lancaster Avenue Suite 200 Malvern, PA 19355 610.489.5100	101 Larry Holmes Drive Suite 201 Easton, PA 18042 610.989.4940	105 Raider Boulevard Suite 206 Hillsborough, NJ 08844 908.874.7500
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**CARROLL ENGINEERING CORPORATION
2026 REIMBURSABLE EXPENSE RATES**

The following represent reimbursable expenses to all contracts for professional services. All such expenses shall represent an additional charge and shall not be included in the basic fee, unless otherwise noted in the contract.

In-House Bulk Photocopying (includes labor, binding materials, etc.)

Black \$.30 each

Color Image \$1.25 each

Postage - Federal Express, Certified, Insured, Overweight - 1.1 times actual cost

Vehicles - Mileage Maximum Federal Reimbursement Rate

Tolls 1.1 times actual cost

Parking 1.1 times actual cost

Plan Reproduction (excluding labor)

Black \$0.50 per square foot

Mylar \$5.00 per square foot

Color \$2.50 per square foot

Minimum charge \$25.00 (up to 2 prints)

Mounting Board (excluding labor) - \$7.50 per square foot

Subconsultants - 1.1 times actual cost (including engineering, laboratory, outside printing/photocopying, and other reimbursable charges)

Others - All other expenses directly assignable to a contract as an additional service shall be invoiced at 1.1 times actual cost. Equipment to be used in the performance of services will be itemized in the agreement as a reimbursable expense

CARROLL ENGINEERING CORPORATION
2026 STANDARD CONSULTING CONTRACTING TERMS AND CONDITIONS
FOR MUNICIPAL AND MUNICIPAL AUTHORITY SERVICES

These terms and conditions set forth herein are for the performance of engineering services associated with the appointment of Carroll Engineering Corporation as a municipal/municipal authority engineering consultant. Supplemental letter agreements associated with special projects may amend these terms and conditions, and such amendment shall take precedence over these General Provisions to the extent there is any inconsistency or contradictory statement. It is agreed that Carroll Engineering Corporation and Client may use their standard business forms (such as purchase orders, acknowledgement, etc.) to administer the activities under this contract. However, Carroll Engineering Corporation expressly rejects the terms and conditions which may be contained in those business forms. The parties agree that the use of such forms shall be solely for the convenience of the party, whether or not such document is signed. None of the provisions, terms, and conditions contained on such forms shall be applicable. The Client is invited to request changes to these terms and conditions, and assumes the risk of failing to read or understand each individual item.

1. General: Carroll Engineering Corporation (hereinafter referred to as CEC) shall perform professional services in connection with their appointment as municipal/municipal authority engineer. CEC will strive to perform services under the Agreement in a manner consistent with generally accepted principals of engineering practice, and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality, under similar conditions, and at the same time. No other representation, expressed or implied, and no warranty or guarantee is included or intended.
2. Reliance on Information Provided by Others: Client agrees to indemnify and hold CEC harmless from and against any and all damages, liabilities, and costs, including costs of defenses, arising out of the use of documents and information produced by Client, excepting only those damages, liabilities, and costs for which CEC is found to be liable by a court or forum of competent jurisdiction.
3. Subconsultants: CEC has the right to employ or retain such independent consultants, associates and subcontractors as it may deem appropriate to assist it in the performance of the services required. The fee for all consultants contracted directly by CEC shall be within a project budget approved by Client.
4. Third Party Beneficiaries: No benefits or rights are given to anyone other than Client and CEC, and all duties and responsibilities undertaken pursuant to this Letter Agreement will be for the sole and exclusive benefit of Client and CEC and not for the benefit of any other party.
5. Client Responsibility: Client shall make all provisions for the Engineer to enter upon public or private property, shall provide required legal services and shall pay all fees incidental to obtaining permits associated with services. It is understood CEC is acting as a consultant for Client to provide advice and consultation on a variety of projects. Client shall designate a person to act with authority on their behalf in respect to all aspects of the appointment, shall examine and respond promptly to CEC's submissions, and give prompt written notice to CEC whenever they observe or otherwise becomes aware of any defect in the work product.
6. Legal Matters: CEC will not express legal opinions or become an advocate in the law before public agencies. In the event CEC attends public meetings or otherwise represents Client, said representation is for the strict purpose of providing technical expertise in the practice of engineering. In the event a record must be made or an agreement of the Client is necessary, CEC will not represent Client in such legal matters.
7. Duties of Public Official: CEC will not accept responsibility and will be held harmless by the Client for any item which by law is clearly assigned to a public official and which requires approval by said official, regardless of any recommendation or review completed by CEC in order for said official to perform the assigned duties.
8. Engineering Fees: Fees for engineering services shall be established by mutual agreement of the parties from time to time. Services will be performed on an hourly basis, unless a specific scope of work can be predetermined for a project at which point a separate letter agreement with project fee and expenses will represent a supplement to these terms and conditions.
9. Reimbursable Expenses: Direct expenses shall be considered an additional charge, unless otherwise stated in the contract. Such expenses shall be in accordance with the current CEC Reimbursable Expenses Tabulation (see attached).
10. Payment: Payments shall be made to CEC on the basis of invoices for services rendered. Payment shall be due within thirty (30) days of the date of the invoice presented. If Client fails to make full payment due CEC within thirty (30) days, CEC reserves the right to retain all plans, documents and related project material, and to suspend or terminate services until full payment for services and any accumulated charges is made. It shall be understood that the Client is responsible for payment of all assignments made or implied by the Client. If the Client fails to obtain payment from a third party, Client assumes all responsibility for payment to CEC. It shall be understood that if Client fails to make any payment within 90 days, CEC will submit an invoice noting such and may suspend all services with no other notice to Client until outstanding balances are paid. In the event an action to enforce overdue payment under the agreement is filed, Client agrees to indemnify and hold harmless CEC from and against any and all reasonable fees, expenses and costs incurred by CEC, including, but not limited to, arbitration and attorney's fees, court costs, and other claims-related expenses.

CARROLL ENGINEERING CORPORATION
2026 STANDARD CONSULTING CONTRACTING TERMS AND CONDITIONS
FOR MUNICIPAL AND MUNICIPAL AUTHORITY SERVICES

11. **Termination:** The appointment of CEC as engineering consultant is subject to termination by Client or CEC with seven days prior written notice. In the event of any termination, CEC shall be paid for all services rendered to the date of the termination, all reimbursable expenses and reimbursable termination expenses, if all services have been satisfactorily performed.
12. **Limitation of Liability:** CEC shall perform the services with the care and skill ordinarily used by members of CEC's profession practicing under similar conditions at the same time and in the same locality. There are no other warranties, express or implied or in any reports, opinions, drawings, specifications or other documents furnished by CEC. CEC shall not be liable for the results of services performed with professional care and skill.
13. **Indemnification:** To the fullest extent permitted by law, CEC shall indemnify Client, its officers, directors, partners, employees, and representatives, from and against losses, damages, and judgments arising from claims by third parties, including reasonable attorneys' fees and expenses recoverable under applicable law, but only to the extent they are found to be caused by a negligent act, error, or omission of CEC or CEC's officers, directors, members, partners, agents, employees or subconsultants in the performance of services under this Agreement.

To the fullest extent permitted by law, Client shall indemnify CEC, its officers, directors, partners, employees, and representatives, from and against losses, damages, and judgments arising from claims by third parties, including reasonable attorneys' fees and expenses recoverable under applicable law, but only to the extent they are found to be caused by a negligent act, error, or omission of Client or Client's officers, directors, members, partners, agents, employees or subconsultants in the performance of services under this Agreement.

14. **Force Majeure:** Neither party shall hold the other responsible for damages or for delays in performance caused by force majeure, acts of God, unusual weather conditions, unanticipated site conditions, changes in applicable law, or other acts or circumstances beyond the control of the other party or that could not have been reasonably foreseen and prevented. Should such acts or circumstances occur, both parties shall use their best efforts to overcome any difficulties arising from such events and to resume the project as soon as reasonably possible.
15. **Use of Documents:** Documents are not intended or represented to be suitable for use without appropriate signatures and professional seal and are not intended for reuse or extension of the project or on any other project. Upon payment for all services and execution of an Agreement of Release, Client may obtain reproducible or computer format copies of documents. The Engineer will invoice for reproduction cost plus direct expenses associated with preparation of these documents. It shall be understood no professional certifications, seals, or signatures will be provided with reproducible plans, computer files, and similar documents. Client hereby agrees that copies of documents will not be made by anyone, other than CEC, without the written approval of CEC if the documents contain a signature, seal, or certification. If a limited license is granted and digital files are released, CEC does not guarantee the files will be compatible with licenses, systems, software application packages, or computer hardware.
16. **Record Documents:** Client may contract with CEC for preparation of record, as-constructed, or corrected documents conforming to constructed conditions. If CEC's professional services do not include full-time construction observation and recording of the contractor's work, the engineer will compile said documents conforming to the construction records of the contractor as provided to CEC. The documents will show the reported location of the work. The information submitted to CEC will be assumed to be reliable and CEC will not be responsible for the accuracy of this information, nor for any errors or omissions that may appear in the record documents as a result.
17. **Certifications:** CEC does not maintain professional liability insurance covering liability associated with many certifications requested by Clients. In the event a certification is requested, the Client must totally indemnify CEC against any and all costs, damages, and other expenses that could arise from the issuance of such certifications. As an alternative, CEC will determine an additional fee associated with the risk of certification. The fee will be due and payable prior to issuance of the certification.
18. **Dispute Resolution:** All claims, counterclaims, disputes and other matters in question between the parties hereto arising out of or relating to engineering services will be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association. This provision to arbitrate will be specifically enforceable under the prevailing arbitration law of any court having jurisdiction. All demands for arbitration and all answering statements thereto which include any monetary claim must contain a statement of the total sum or value in controversy. The arbitrators will not have jurisdiction, power or authority to consider, or make findings (except in denial of their own jurisdiction) concerning any claim, counterclaim, dispute or other matter in question where the amount in controversy of any such claim, counterclaim, dispute or matter is more than \$200,000 (exclusive of interest and costs). The award rendered by the arbitrators will be final. Judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to modification or appeal except to the extent permitted by Section 10 and 11 of the Federal Arbitration Act (9 U.S.C.10,11).

CARROLL ENGINEERING CORPORATION
2026 STANDARD CONSULTING CONTRACTING TERMS AND CONDITIONS
FOR MUNICIPAL AND MUNICIPAL AUTHORITY SERVICES

19. Hazardous Substances: Client represents and warrants to CEC that it has and will comply with all obligations imposed by applicable law upon the generation, storage or disposal of hazardous substances and/or waste and that it will promptly notify CEC of any notices concerning such matters. Client agrees to hold harmless, indemnify and defend CEC from and against any and all damages and liabilities and expenses arising out of or in any way connected with the presence, discharge, exposure, release, or escape of hazardous substances, or wastes of any kind, excepting only such liability as may arise out of the sole negligence of CEC in the performance of services. It is understood and agreed by both parties that CEC, in performing professional services for Client with respect to hazardous substances, will make recommendations to Client with respect thereto, but does not have the authority, nor shall be required to become an “arranger”, “operator”, “generator”, or “transporter” of hazardous substances as defined on the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA).
20. Cost Estimate: Since CEC has no control over the cost of labor, materials, or equipment, CEC opinions of probable project construction costs are made on the basis of experience and qualifications and represent a best judgment as a design professional familiar with the construction industry. CEC cannot and does not guarantee that proposals, bids, or the construction costs will not vary from opinions of probable costs prepared by CEC.
21. Performance of Others: During the course of this engagement, CEC may be required to report on the past or current performance of others engaged, or being considered, for engagement, directly or indirectly, by the Client; and to render opinions and advise in that regard. Those about whom reports and opinions are rendered may, as a consequence, initiate claims for libel or slander against CEC. To help create an atmosphere in which CEC feels free to be candid, the Client agrees to waive any claim against CEC, and to defend, indemnify, and hold CEC harmless from any claim or liability for injury or loss allegedly arising from professional opinions rendered by CEC to the Client or the Client's agents. The Client further agrees to compensate CEC for any time spent, or expenses incurred, by CEC in defense of any such claim, in accordance with CEC's prevailing fee schedule and expense reimbursement policy.
22. Dangerous Situations: CEC accepts no right or obligation of the Client or Contractor as a direct or indirect result of the performance of professional services for responsibility of construction means, methods, techniques, or sequences. CEC accepts no responsibility for developing, implementing, monitoring, or supervising safety precautions and programs. Such items are solely the responsibility of the contractor and his subcontractors. CEC does not accept the responsibility or assume the authority to stop work, said responsibility residing with the Client and contractor.
23. Review of Contractor's Performance: It is understood and agreed that CEC's basic services under this agreement do not include full-time construction observation or review of the Contractor's performance. Client acknowledges the importance of such services and, should Client have such services performed by a party other than CEC, then Client shall assume responsibility for interpretation of the contract documents and for construction observation and shall waive any claims against CEC that may be in any way connected thereto. In addition, if CEC does not perform construction observation, Client shall, to the fullest extent permitted by law, indemnify and hold CEC harmless from any loss, claim, or cost, including reasonable attorneys' fees and costs of defense, arising or resulting from the performance of such services by other persons or entities and from any and all claims arising from modifications, clarifications, interpretations, adjustments, or changes made to the Contract Documents to reflect changed field or other conditions, or for a contractor's performance, or the failure of a contractor's work to conform to the design intent and the contract documents, except for claims arising from the sole negligence or willful misconduct of CEC. If this agreement provides for construction phase services by CEC, it is understood that the contractor, not CEC, is responsible for the construction of the project, and that CEC is not responsible for the acts or omissions of any contractor, subcontractor, or material supplier; for safety precautions, programs or enforcement, or for construction means, methods, techniques, sequences and procedures employed by the Contractor.
24. Laws, Rules, Codes, Ordinances and Regulations: CEC will use professional efforts and judgments to interpret applicable ADA requirements and other federal, state, and local laws, rules, codes, ordinances, and regulations as they apply to the project, but CEC cannot and does not warrant or guarantee that the project will comply with all interpretations of the ADA requirements and/or requirements of other federal, state, and local laws, rules, codes, ordinances, and regulations as they may apply to the project.



Natural Lands

1031 Palmers Mill Road
Media, PA 19063

610-353-5587

info@natlands.org
natlands.org

board of trustees

Susan P. Mucciarone
chairperson

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vice chairperson

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Theodore V. Wood, Jr.

Oliver Bass
president

September 26, 2025

Eugene Briggs, Manager
East Coventry Township
855 Ellis Woods Road
Pottstown, PA 19465

Dear Mr. Briggs,

Thank you for the opportunity to express our interest in continuing our relationship with East Coventry as the Township Planning Consultant, and in other roles, providing landscape architecture, land protection and other expertise and services. Over the past twelve years, Natural Lands staff have enjoyed working with the Planning Commission, designing new landscapes at Ellis Woods Park and the East Coventry Nature Preserve and conserving more land, protecting East Coventry's fields, forests and streams.

I have enclosed 2026 billing rates for Natural Lands staff with the hope that the Board will reappoint me as Township Planner and include additional staff in the list of consultants the Township may use for planning and land protection services. The attached list includes rates for all staff in the Conservation Services department, listed by title. Listed below are Natural Lands staff we may expect to work with East Coventry in the upcoming year.

After freezing our rates for East Coventry last year, which kept our 2024 rates intact throughout 2025, we have raised our rates for 2026 by approximately 4%. This represents a typical 4% increase for each year since our last rate increase, to adjust for increased costs of living, overhead and other standard costs of doing business, but still provides East Coventry with an approximately 4% discount compared to our other clients.

It should be noted that the majority of our planning costs can be passed to subdivision and land development applicants. Additionally, as the planning team has grown, more of Rick's time in East Coventry is spent in a supervisory role, reviewing the work of the more junior staff. Nick, Kate and Julie do more of the review work, helping to keep costs down.

Planning Staff

- Rick Tralies, Sr. Director of Planning - \$103.00/hr
- Nick Upmeyer, PLA, Landscape Architect - \$81.00/hr
- Kate Raman, AICP, Planner - \$81.00/hr
- Julie Wright, Planner/Designer - \$81.00/hr



Natural Lands

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Media, PA 19063

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John A. Terrill, II
William G. Warden, IV
Theodore V. Wood, Jr.

Oliver Bass
president

Land Protection Staff

- Jack Stefferud, Sr. Director of Land Protection - \$108.00/hr
- Kyle Rose, Director, Land Protection Program - \$86.00/hr
- Sarah Turner, Land Protection Project Manager - \$81.00/hr

If you have any questions regarding billing rates and services, please do not hesitate to contact me. It has been a pleasure working with East Coventry Township's staff, board and commissions since 2014, and we look forward to continuing to work together in 2026.

Sincerely,

Richard M. Tralies, RLA
Sr. Director of Planning

enc.: 2026 Billing Rate Schedule



Natural
Lands

Hourly Billing Rates 2026 East Coventry Township

A. *Land Use Planning: Development Plan Review, Land Use Ordinances, Open Space & Trail Planning, Site Walks, Testimony, Sketch Plans:*

Senior Director, Planning	\$103.00
Conservation Project Manager	\$81.00
Landscape Architect/ Planner / Designer	\$81.00
Senior Conservation Advisor	\$140.00

B. *Land Protection: Acquisition, Conservation Easements, Open Space Referenda, Open Space Stewardship Plans for Parks & Developments:*

Senior Director, Land Protection	\$108.00
Director, Conservation Easement Programs	\$108.00
Stewardship Planning Program Manager	\$81.00
Conservation Project Manager	\$81.00
Regional Director, Land Stewardship	\$81.00
Land Protection Project Manager	\$81.00

C. *Mapping, Graphic Design, and Support Staff:*

Art Director	\$81.00
GIS Program Director	\$86.00
Graphic Designer	\$64.00
Clerical/Hourly Support	\$54.00
Intern	\$35.00

Direct Costs:

- Mileage billed at Federal mileage rate.
- Natural Lands prefers to submit electronic versions of work, such as plan reviews and codes, and for the client to handle photocopying, when necessary. Where Natural Lands provides photocopies: black & white copies billed at \$.08/8 ½ x 11-inch sheet; and, color copies billed at \$.45/8 ½ x 11-inch sheet. Two-sided sheets count as two copies.
- Map prints provided at \$5.50 per linear foot (most maps are three feet long).
- Postage and misc. materials (workshop supplies, foam core for maps), billed at actual cost.

Bowman

September 5, 2025

Eugene Briggs, Jr., AICP, CZO
Township Manager
East Coventry Township
855 Ellis Woods Road
Pottstown, PA 19465

Request for Rates – Township Traffic Engineering Consultant

Dear Mr. Briggs:

Bowman sincerely appreciates the opportunity to provide transportation engineering services to East Coventry Township. As requested, our 2026 billing rates are attached. We are thankful for the Township's trust in our services, and we are grateful to continue in our capacity as the appointed Traffic Engineer so that we may support East Coventry Township in achieving the community's transportation goals and vision.

Please contact me if you have any questions, or if there is anything we can do to better serve the Township.

Sincerely,



Christopher J. Williams, PE
Regional Manager – Mid-Atlantic

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BOWMAN CONSULTING GROUP LTD.

SCHEDULE B – EAST COVENTRY TOWNSHIP HOURLY RATES
January 2026

CLASSIFICATION	HOURLY RATES
Principal	\$225.00/HR
Department Executive	\$225.00/HR
Team Leader	\$225.00/HR
Senior Project Manager	\$210.00/HR
Project Manager II	\$210.00/HR
Project Manager	\$185.00/HR
Assistant Project Manager	\$170.00/HR
Project Coordinator	\$145.00/HR
Senior Surveyor	\$205.00/HR
Engineer I Engineer II Engineer III Engineer IV	\$120.00/HR \$145.00/HR \$155.00/HR \$185.00/HR
Planner I Planner II Planner III	\$120.00/HR \$145.00/HR \$155.00/HR
Designer I Designer II Designer III	\$100.00/HR \$105.00/HR \$110.00/HR
CAD Drafter I CAD Drafter II	\$100.00/HR \$105.00/HR
Senior Construction Inspector	\$145.00/HR
Construction Manager	\$185.00/HR
Construction Inspector	\$125.00/HR
Senior Construction Technician	\$170.00/HR
Technical Lead	\$200.00/HR
Traffic Technician	\$110.00/HR
Traffic Counter	\$ 70.00/HR
Survey Technician I Survey Technician II Survey Technician III	\$100.00/HR \$110.00/HR \$155.00/HR
Survey Field Crew - 1 Person	\$140.00/HR
Survey Field Party	\$100.00/HR
UAV Operation	\$110.00/HR
Office Manager	\$105.00/HR
Adm Professional	\$ 95.00/HR



1003 Egypt Road, Phoenixville, PA 19460
610.935.2175 610.481.9098
barryisett.com

September 5, 2025

Eugene C. Briggs,
Township Manager
East Coventry Township
855 Ellis Woods Road
Pottstown, PA 19465

RE: 2026 REAPPOINTMENT REQUEST, RATE SCHEDULE & FEE SCHEDULE

Mr. Briggs,

Barry Isett & Associates (BIA) respectfully requests the reappointment as Township Zoning Officer, PA UCC Building Code Official, Plans Examiners and Inspectors, and Property Maintenance Inspectors. Our services will continue to be provided from our Delaware Valley Office, now located at 400 Cresson Boulevard, Suites 105-108, Phoenixville, PA 19460.

Please see the attached Pennsylvania Uniform Construction Code Permit Fee Schedules for 2026. Please note that these Fee Schedules are the same as 2025, as we are not proposing any increases. For the hourly services provided, the BIA rate schedule has increased minimum rates for services. However, we will be keeping the rate of \$65.00 for East Coventry Township for 2026.

Thank you for your continued confidence in the associates of Barry Isett & Associates and we look forward to continued coordination for the coming years. Please do not hesitate to contact me if you have any questions or require additional information via email at mcosentino@barryisett.com.

Regards,

Michael Cosentino, Jr., BCO
Code Specialist, Code Inspection & Plan Review

Attachments:
2026 Residential Fee Schedule
2026 Non-Residential Fee Schedule

2026 Reappointment



PENNSYLVANIA UNIFORM CONSTRUCTION CODE
PART I – Building/General Permit Fee Schedule

RESIDENTIAL
 (One- and Two-Family Dwellings)

PERMIT FEES

New Construction (8 inspections)	
Plan Review Per Submission	\$250.00
Single Family Dwelling up to 3,500 gross square feet	\$1,500.00
Per 100 gross square feet or fraction thereof above 3,500 square feet	\$20.00

- *Mechanical, Electrical, and Plumbing Permit Fees Included*
- *Gross square footage shall include basement, each floor level, garage, decks, and porches*
- *Measurements shall be from exterior face of wall to exterior face of wall*
- *Sprinkler and Fire Alarm permit fees are additional*

Additions (5 inspections)	
Plan Review Per Submission	\$150.00
Single Family Dwelling Addition Up to 500 gross square feet	\$600.00
Enclosed porches/sunrooms (unconditioned) Up to 500 gross square feet	\$375.00
Per 100 gross square feet or fraction thereof above 500 square feet	\$20.00

- *Mechanical, Electrical and Plumbing Permit Fees Included*
- *Gross square footage shall include basement, each floor level, garage, decks, and porches*
- *Gross square footage shall include the entire project area where an addition is accompanied by alterations to the existing structure*
- *Measurements shall be from exterior face of wall to exterior face of wall*
- *Enclosed porches and three season rooms shall be priced as an addition*
- *Sprinkler and Fire Alarm permit fees are additional*

Alterations and Renovations (2 Inspections)	
Permit /Documentation Review Per Submission	\$150.00
Up to 1,000 Gross Square Feet	\$300.00
per 100 Gross square feet or fraction thereof above 1,000 square feet	\$25.00

- *Mechanical, Electrical, and Plumbing Permit Fees Additional, except Plan Review Fee*
- *Sprinkler and Fire Alarm permit fees are additional*
- *Alterations that cannot be calculated by square footage will be calculated per miscellaneous construction fees.*

Decks (Includes 3 Inspections)	
Plan Review Per Submission	\$100.00
Up to 500 gross square feet	\$250.00
Per 100 gross square feet or fraction thereof above 500 square feet	\$20.00
Including a Roof Over a Deck	\$250.00

- *Mechanical, Electrical, and Plumbing Permit Fees Additional*
- *Screened in porches shall be priced as a deck.*
- *Enclosed porches and three season rooms must be priced as an addition.*

Accessory Buildings and Detached Garages (4 Inspections)	
Plan Review Per Submission	\$100.00
Up to 1,500 gross square feet	\$400.00
Per 100 gross square feet or fraction thereof above 1,500 square feet	\$20.00
Where an accessory structure also includes finished & Conditioned space	\$150.00 additional

- *Mechanical, Electrical, and Plumbing Permit Fees Additional*

Solar Array (2 Inspections)	
Plan Review Per Submission	\$100.00
2% of total cost of construction (materials and labor)	\$300.00 minimum

- *Electrical permit fees included*
- *Roof mount or ground mount arrays*

Generators (2 inspections)	
Plan Review Per Submission	\$100.00
Per Generator	\$250.00

- *Electrical and mechanical permit fees included*

Demolition Permit	
Permit /Documentation Review Per Submission	\$50.00
Garage/accessory structures (1 inspection)	\$100.00
Single/Double home (2 inspections)	\$250.00

Manufactured and Modular Homes	
Plan Review Per Submission	\$100.00
Manufactured home With Basement up to 2,500 gross square feet (7 inspections)	\$895.00
Manufactured home with Pier Foundation up to 2,500 gross square feet (5 inspections)	\$795.00
Modular home up to 2,500 gross square feet (7 inspections)	\$895.00
Per 100 gross square feet or fraction thereof above 2,500 square feet	\$20.00

- *Decks, Porches, Garages, or Other Attachments Additional*
- *Utility Connections included*

Swimming Pools/Spas	
Plan Review Per Submission	\$50.00
Spa or Hot Tub (1 inspection)	\$150.00
Above-ground Pool (2-4 inspections)	\$300.00
In-ground (3-6 Inspections)	\$450.00

- *Includes Electric Permit*

Miscellaneous Building Construction Only (Number of inspections to be determined)	
Plan Review Per Submission	\$100.00
2% of total cost of construction (materials & labor)	\$150.00 minimum

- *Mechanical, Electrical, and Plumbing Permit Fees Additional*
- *Sprinkler and Fire Alarm permit fees are additional*
- *Any building projects not covered elsewhere in Part I of this fee schedule shall be priced as miscellaneous building construction*

Note: A \$4.50 surcharge per permit is required to be assessed on each permit issued, in accordance with Pennsylvania Act 157 of 2006.

PENNSYLVANIA UNIFORM CONSTRUCTION CODE
PART II – Electrical Permit Fee Schedule

RESIDENTIAL

(One- and Two-Family Dwellings)

PERMIT FEES

Electrical Alterations Only (2 Inspections each)	
Plan Review Per Submission	\$60.00
Up to 1,000 Gross Square Feet	\$250.00
<i>Per 100 gross square feet or fraction thereof above 1,000 square feet</i>	\$25.00

- *Projects with only electrical inspections shall be priced by the electrical alterations only schedule*
- *Alterations that cannot be calculated by square footage will be calculated per miscellaneous Electrical Only fees*

Services and Feeders (1 inspection each)	
Not over 100 amps	\$150.00
101 amps to 400 amps	\$250.00
Feeders and panel boards not over 400 amps	\$125.00

- *Over 400 amps require commercial fees*
- *This schedule covers service upgrades, repairs, and replacements*

Miscellaneous Electrical Only (2 inspections)	
Plan Review Per Submission	\$100.00
2% of total cost of construction (materials & labor)	\$150.00 minimum

- *Building, Mechanical, and Plumbing Permit Fees Additional*
- *Any electrical projects not covered elsewhere in Part II of this fee schedule shall be priced as miscellaneous electrical.*

PENNSYLVANIA UNIFORM CONSTRUCTION CODE

PART III – Plumbing Permit Fee Schedule

RESIDENTIAL

(One- and Two-Family Dwellings)

PERMIT FEES

Plumbing Alterations Only	
Plan Review Per Submission	\$50.00
Per Fixture (2 Inspections – Rough and Final)	\$50.00
	\$150.00 Minimum

- *Projects with only plumbing inspections shall be priced by the plumbing alterations only schedule*
- *Alterations that cannot be calculated per fixture will be calculated per miscellaneous plumbing only fees.*

Utility Plumbing Inspections	
Plan Review Per Submission	\$50.00
Utility sewer connection (1 inspection)	\$150.00 minimum
Utility water connection (1 inspection)	\$150.00 minimum

Miscellaneous Plumbing Only (2 inspections)	
Plan Review Per Submission	\$100.00
2% of total cost of construction (materials & labor)	\$150.00 minimum

- *Building, Mechanical, and Electrical Permit Fees Additional*
- *Sprinkler and Fire Alarm permit fees are additional*
- *Any plumbing projects not covered elsewhere in Part III of this fee schedule shall be priced as miscellaneous plumbing only*

Note: A \$4.50 surcharge per permit is required to be assessed on each permit issued, in accordance with Pennsylvania Act 157 of 2006.

PENNSYLVANIA UNIFORM CONSTRUCTION CODE
PART IV – Mechanical Permit Fee Schedule

RESIDENTIAL
(One- and Two-Family Dwellings)
PERMIT FEES

Mechanical Appliances Only	
Plan Review Per Submission	\$100.00
Per first Individual new appliance (Two Inspections)	\$250.00
Per each additional Individual new appliance	\$75.00
Per Individual Replacement Appliance (1 Inspection)	\$150.00
Oil Tank replacement, Relocation, installation, removal & closure (1 Inspection)	\$150.00
Alterations (2 Inspection) (gas lines, duct work etc.)	\$250.00

- *Includes associated duct work/piping*
- *Large scale HVAC, refrigeration and process equipment will be based on commercial fees*
- *Alterations that cannot be calculated per the mechanical appliances only fee schedule will be calculated per miscellaneous Mechanical only fees*

Miscellaneous Mechanical Only (2 inspections)	
Plan Review Per Submission	\$100.00
2% of total cost of construction (materials & labor)	\$150.00 minimum

- *Building, Plumbing, and Electrical Permit Fees Additional*
- *Any mechanical projects not covered elsewhere in Part IV of this fee schedule shall be priced as miscellaneous mechanical only*

Note: A \$4.50 surcharge per permit is required to be assessed on each permit issued, in accordance with Pennsylvania Act 157 of 2006.

PENNSYLVANIA UNIFORM CONSTRUCTION CODE
PART V – Fire Suppression & Detection Systems Permit Fee
Schedule

RESIDENTIAL
(One- and Two-Family Dwellings)
PERMIT FEES

NFPA 13D or IRC P2904 Sprinkler System (2 Inspections)	
Plan Review Fee per submission	\$100.00
1 to 75 Heads	\$250.00
Each additional head over 75	\$1.00

- *NFPA 13 sprinkler system, NFPA 13R sprinkler system, NFPA 72 fire alarm system, or any alternative fire suppression system will be priced per the commercial fee schedule.*
- *Utility water connection fee per plumbing fee schedule*
- *Additional inspections charge re-inspection fees*

NFPA 13D or IRC P2904 Sprinkler system alterations Only (2 inspections)	
Plan Review Per Submission	\$100.00
2% of total cost of construction (materials & labor)	\$150.00 minimum

- *Building, Plumbing, Mechanical and Electrical Permit Fees Additional*
- *Any NFPA 13D or IRC P2904 Sprinkler System projects not covered elsewhere in Part V of this fee schedule shall be priced as NFPA 13D or IRC P2904 Sprinkler system alterations Only*
- *Additional inspections charge re-inspection fees*

Note: A \$4.50 surcharge per permit is required to be assessed on each permit issued, in accordance with Pennsylvania Act 157 of 2006.

PENNSYLVANIA UNIFORM CONSTRUCTION CODE

NON-RESIDENTIAL PERMIT FEE SCHEDULE

(Commercial & Residential – other than One- and Two-Family Dwellings)

A Township Administrative Fee of 10% shall be added to the total permit fees.

New Construction & Additions (Number of inspections to be determined)	
Plan review 1% total cost of construction (materials and labor)	\$500.00 Minimum
Inspections 1.5% total cost of construction (materials and labor)	\$750.00 minimum

- Mechanical, Electrical, and Plumbing Permit Fees Included
- Sprinkler and Fire Alarm permit fees are additional
- Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)
- Phased construction that requires additional inspections may be charged \$150.00/hr. (1 hr min)
- Additional inspections shall be charged at a rate of \$100.00/hr. (1 hr min)

Renovations/Alterations/Change of Use (Number of inspections to be determined)	
Plan review 1% total cost of construction (materials and labor)	\$250.00 minimum
Inspections 1.5% total cost of construction (materials and labor)	\$360.00 minimum

- Mechanical, Electrical, and Plumbing Permit Fees Included
- Sprinkler and Fire Alarm permit fees are additional
- Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)
- Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)
- Additional inspections shall be charged at a rate of \$100.00/hr. (1 hr min)

Demolition (3 inspections maximum)	
Plan review fee per submission	\$100.00
Buildings up to 5,000 gross	\$300.00 minimum
Per 100 gross square feet or fraction thereof above 5,000 square feet	\$25.00

- *Additional inspections shall be charged at a rate of \$100.00/hr. (1 hr min)*

Solar Array (Number of inspections to be determined)	
Plan review 1% of total cost of construction (materials & labor)	\$150.00 minimum
2% of total cost of construction (materials & labor)	\$360.00 minimum

- *Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)*
- *Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)*
- *Additional inspections shall be charged at a rate of \$100.00/hr. (1 hr min)*

Pallet Racking or Conveyers (Number of inspections to be determined)	
Plan review per 100 gross square feet or fraction thereof	\$15.00 \$225.00 minimum
Inspections per 100 gross square feet or fraction thereof of work area	\$8.50 \$360.00 minimum

- *Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)*
- *Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)*
- *Additional inspections shall be charged at a rate of \$100.00/hr. (1 hr min)*

Miscellaneous Construction Building Only (Number of inspections to be determined)	
Plan review 1% of total cost of construction (materials and labor)	\$100.00 minimum
2% of total cost of construction (materials & labor)	\$250.00 minimum

- Cell towers, retaining walls, roofs, signs, ramps, decks, swimming pools etc.
- Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)
- Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)
- Any building projects not covered elsewhere in this fee schedule shall be priced as miscellaneous building construction
- Additional inspections shall be charged at a rate of \$100.00/hr. (1 hr min)

Electrical Services, Panelboards, Feeders	
Plan review 1% of total cost of construction (materials and labor)	\$100.00 minimum
Not over 400 amps	\$250.00
Not over 800 amps	\$500.00

Swimming Pools, Spas	
Three-year State Certification	Quote Required

Miscellaneous Electrical Only (Number of inspections to be determined)	
Plan review 1% of total cost of construction (materials and labor)	\$150.00 minimum
2% of total cost of construction (materials & labor)	\$250.00 minimum

- Cell towers, retaining walls, roofs, signs, ramps, decks, Swimming pools etc.
- Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)
- Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)
- Any electrical projects not covered elsewhere in Part II of this fee schedule shall be priced as miscellaneous electrical only

Miscellaneous Plumbing Only (Number of inspections to be determined)	
Plan review 1% of total cost of construction (materials and labor)	\$100.00 minimum
2% of total cost of construction (materials & labor)	\$200.00 minimum

- Cell towers, retaining walls, roofs, signs, ramps, decks, Swimming pools etc.
- Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)
- Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)
- Any plumbing projects not covered elsewhere in Part III of this fee schedule shall be priced as miscellaneous plumbing only

Miscellaneous Mechanical only (Number of inspections to be determined)	
Plan review 1% of total cost of construction (materials and labor)	\$100.00 minimum
2% of total cost of construction (materials & labor)	\$200.00 minimum

- Includes associated duct work/piping
- Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)
- Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)

Note: A \$4.50 surcharge per permit is required to be assessed on each permit issued, in accordance with Pennsylvania Act 157 of 2006.

PENNSYLVANIA UNIFORM CONSTRUCTION CODE
Fire Suppression & Detection Systems Permit Fee Schedule

NON-RESIDENTIAL

(Commercial & Residential – other than One- and Two- Family Dwellings)

PERMIT FEES

Fire Sprinkler Systems (Number of inspections to be determined)	
Plan review per 100 gross square feet or fraction thereof	\$2.00 \$250.00 Minimum
Inspection for 1 to 75 heads	\$350.00
Inspection for Each addition head over 75	\$1.00
Fire Line Inspection per linear foot	\$0.25 \$350.00 Minimum
Fire Pump Inspection	\$450.00
Fire Loop Inspection per linear foot	\$0.15 \$350.00 Minimum

- *Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)*
- *Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)*

Fire Detection / Alarm Systems (Number of inspections to be determined)	
Plan review per 100 gross square feet or fraction thereof	\$2.00 \$250.00 Minimum
Inspections per 100 gross square feet or fraction thereof	\$10.00 \$250.00 Minimum

- *Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)*
- *Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)*

ANSUL or Alternate Fire Suppression System (Number of inspections to be determined)	
Plan review 1% of total cost of construction (materials and labor)	\$150.00 Minimum
2% of total cost of construction (materials and labor)	\$300.00 Minimum

- *Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)*
- *Phased construction that requires additional inspections may be charged \$100.00/hr. (1 hr min)*
- *Utility water connection fee per plumbing fee schedule*

Sprinkler system alterations Only (2 inspections)	
Plan review 1% of total cost of construction (materials and labor)	\$150.00 Minimum
2% of total cost of construction (materials & labor)	\$300.00 Minimum

- *Additional plan review submissions will be reviewed at a rate of \$150.00/hr. (1 hr min)*
- *Additional inspections charge re-inspection fees*
- *Building, Plumbing, Mechanical and Electrical Permit Fees Additional*
- *Any Sprinkler or Alarm System projects not covered elsewhere in Part V of this fee schedule shall be priced as Sprinkler system alterations only*

Note: A \$4.50 surcharge per permit is required to be assessed on each permit issued, in accordance with Pennsylvania Act 157 of 2006.

B.G. Tree Care
93 Zieber Road
Spring City, PA 19475

Proposal #3984
Created: 09/30/2025
From: Bill Gambone



Proposal For

East Coventry Township

855 Ellis Woods Rd
Pottstown, PA 19465

main: 610-495-4443
ebriggs@eastcoventry-pa.gov

Location

855 Ellis Woods Rd
Pottstown, PA 19465

Terms

Monthly Progress Billing

East Coventry Township

ITEM DESCRIPTION	AMOUNT
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1) Municipal Consulting	\$ 150.00
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Cost per hour for Master Arborist Consulting Services.

This rate encompasses comprehensive consultation and report writing by Master Consulting Arborist, William Gambone.

Additionally, the Master Arborist, handles small tree service projects independently within this rate.

Other costs may be incurred during creation of reports and these costs will be proposed and billed separately. Such costs include but are not limited to costs of lab work and any costs incurred in the pursuit of research.

Separate proposals will also be provided for tree service projects requiring additional laborers, equipment or machinery ensuring transparent and customized solutions for East Coventry Township's specific needs.

Fuel costs for any work performed will be billed separately at the time of work being completed. Fuel costs include all products needed for equipment to operate including but not limited to fuel, oil, and coolant. This rate is for the year of 2026.

Client Notes

Monthly progress billing ensures transparency and accountability throughout the year. At the end of each month, East Coventry township will receive a detailed invoice reflecting the work completed during that period. The invoice is to be paid in full each month upon receipt. This Rate is for the year of 2026.

This approach allows tracking of milestones, associated costs, and aligns payments with the tangible advancements achieved. This fosters a collaborative and efficient working relationship.



B.G. Tree Care
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All work will be completed in accordance with these plans unless subsequent changes are agreed upon in writing. Balances not paid by the due date are subject to late fees.

Signature

x

Date:

Please sign here to accept the terms and conditions

Assigned To

Bill Gambone
 Office: 484-941-4232
 Mobile: 484-941-1014
 bill@bgtreecare.com

Sales Reps

Bill Gambone
 Office: 484-941-4232
 Mobile: 484-941-1014
 bill@bgtreecare.com

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S.§§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and (2) the rights of Pennsylvania- American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania

Docket No. A-2025-3053487, *et al.*

VERIFICATION

I, Dr. Christina E. Chard, hereby state that the facts set forth in PAWC Statement No. 3 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: January 12, 2026



Dr. Christina E. Chard
Senior Director of Rates and Regulatory
Pennsylvania-American Water Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

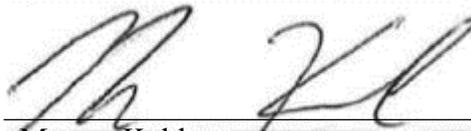
In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S.§§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and (2) the rights of Pennsylvania- American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania

Docket No. A-2025-3053487, *et al.*

VERIFICATION

I, Marcus Kohl, hereby state that the facts set forth in PAWC Statement No. 1 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: January 12, 2026



Marcus Kohl
Director of Business Development
Pennsylvania-American Water Company