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February 13, 2026

VIA PUC E-FILING and UPS NEXT DAY AIR

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

Re: APPLICATION OF TOWAMENCIN TOWNSHIP FOR APPROVAL OF THE
ABANDONMENT OR DISCONTINUANCE OF WASTEWATER
CONVEYANCE SERVICES

Dear Secretary Homsher:

I represent Applicant, Towamencin Township, in the above-captioned matter, and I attach for filing a verified Application for Approval of the Abandonment or Discontinuance of Wastewater Conveyance Services.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

Thank you for your prompt attention to this matter.

Sincerely yours,

/s/ Elizabeth Preate Havey

Elizabeth Preate Havey

EPH:vh
Enclosure

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

IN RE: APPLICATION OF TOWAMENCIN :
TOWNSHIP, FOR APPROVAL OF THE :
ABANDONMENT OR DISCONTINUANCE : Docket No: A-_____
OF WASTEWATER CONVEYANCE :
AND TREATMENT SERVICES :

**APPLICATION FOR APPROVAL OF ABANDONMENT OR
DISCONTINUANCE OF SERVICE IN WHOLE**

Applicant, Towamencin Township (“Applicant” or the “Township”), by and through its counsel, Dilworth Paxson LLP, files this Application for Approval of Abandonment or Discontinuance of Wastewater Conveyance and Treatment Services (“Application”), seeking approval from the Pennsylvania Public Utility Commission (“PUC”) for Applicant to discontinue providing service within its approved service area. With this Application, Applicant also seeks approval from the PUC to terminate a lease agreement under which the Towamencin Municipal Authority (“Authority”) agreed to lease certain assets of the wastewater conveyance system to the Township (“Lease Termination”). If the PUC approves both the Application and Lease Termination, the Authority will own and operate the entire system.

In support, Applicant avers as follows:

I. BACKGROUND

1. The name and address of the Applicant is as follows:
 Towamencin Township
 1090 Troxel Road
 Lansdale, PA 19446

2. The names and addresses of Applicant’s attorneys are as follows:
 - A. Elizabeth Preate Havey, Esq.
 Dilworth Paxson, LLP
 1650 Market Street, Suite 1200
 Philadelphia, PA 19103
 215-575-7143 (telephone)

215-575-4603 (fax)
epratehavey@dilworthlaw.com

B. Matthew Gardella, Esq.
Dilworth Paxson, LLP
1650 Market Street, Suite 1200
Philadelphia, PA 19103
215-575-7114 (telephone)
215-575-4603 (fax)
mgardella@dilworthlaw.com

3. The Towamencin Municipal Authority (the “Authority”) owns the Towamencin wastewater system (the “System”). The System is comprised of a collection and conveyance system as well as the Towamencin Township Wastewater Treatment Plant (the “Plant”) which is located at 2225 Kriebel Road.

4. All of the System’s assets are owned by the Authority.

5. Originally, the Authority was a Joint Authority formed by both Towamencin and Upper Gwynedd Townships, known as the Upper Gwynedd-Towamencin Municipal Authority (“UGTMA”). In 2015, Upper Gwynedd Township withdrew from the UGTMA and the Authority name was changed to the Towamencin Municipal Authority.

6. On or about June 30, 2015, the Township and the Authority entered into a Lease and Service Agreement (“Lease”), pursuant to which all assets of the System (excluding the Plant, the Kriebel Road Interceptor and portions of two sewer trunk lines) are leased to the Township. A true and correct copy of the Lease is attached hereto as **Exhibit A**.

7. Under the terms of the Lease, the Authority continues to run the day-to-day operations of the Plant, the interceptor located at Kriebel Road and certain trunk lines. The Township is responsible for overseeing and maintaining the collection lines and other interceptors and for billing and rate-setting.

8. The Authority operates the System’s three pump stations and bills the Township for that service.

9. On or about May 11, 2023, Towamencin Township filed an Application for a Certificate of Public Convenience, *nunc pro tunc* (“CPC Application”) to furnish, render, and supply wastewater service for certain extraterritorial customers.

10. The CPC Application arose in the midst of the contemplated sale of the System to Pennsylvania-American Water Company. For various reasons, including a court order issued in 1987, the Township and the Authority provided wastewater services to an amount of extraterritorial customers that exceeded *de minimis* status utilizing interconnection points outside of the Township’s geographical boundaries. Thus, before the sale process — which was eventually abandoned — could proceed further, Towamencin was required to apply for a Certificate of Public Convenience.

11. On January 18, 2024, the PUC (Vice Chair Kimberly Barrow) approved a Non-Unanimous Settlement Agreement between Towamencin Township (“Towamencin”), the Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) and recommended the issuance of a Certificate of Public Convenience to Towamencin.

12. The System provides wastewater collection and treatment services to customers within the Township’s geographical boundaries.

13. The System also provides wastewater collection and treatment services, pursuant to the CPC, to certain extraterritorial customers located in Worcester Township (“Worcester”) Lower Salford Township (“Lower Salford”), Franconia Township (“Franconia”), and the Borough of Lansdale (“Lansdale”).

14. The System provides services to customers to those other municipalities as follows:

- Lower Salford: The System serves and directly bills twenty-one (21) residential customers, and provides wastewater service under a bulk contract with Lower Salford and the Lower Salford Township Authority.
- Worcester: the System serves and directly bills the residents of two developments located in Worcester. The Milestone development (served pursuant to court order) consists of 277 residential units. The Hollis Hills development (served pursuant to ordinance enacted in 1989) consists of thirty (30) residential units.
- Lansdale: the System provides wastewater service under a bulk contract with the Borough of Lansdale and the Lansdale Sewer Authority.
- Franconia: the System provides service to one (1) commercial customer located in Franconia Township.

15. In total, inclusive of both Township customers and extra-territorial customers subject to the PUC, the System serves approximately 1,500 customers.

16. A map of the current service area, including both Township customers and extraterritorial customers in the approved service area, is attached hereto as **Exhibit B**.

17. The System provides wastewater collection and conveyance services to customers within the Township's boundaries, portrayed by the white/unshaded region within the red outline in the above map. The Township service area is approximately bounded by Welsh Road to the north, Valley Forge Road to the east, Old Morris and Morris Roads to the south, and Wambold Road to the west.

18. As referenced above, the Township also provides wastewater collection and conveyance services to extraterritorial customers in an approved service area pursuant to the CPC.

The approved service area, depicted in the above map, is comprised of customers in Worcester (blue shaded regions to the south), Lower Salford (green shaded regions along the western boundary of the service area), Franconia (purple shaded region in the northwest corner), and Lansdale (scarcely visible regions in orange shading in the northeast corner).

19. A statement of revenue and expenses derived from extraterritorial customers in the approved service area, served pursuant to the CPC, is attached hereto as **Exhibit C**.

II. APPLICATION TO ABANDON SERVICE AND REQUEST FOR PERMISSION TO TERMINATE LEASE AGREEMENT

20. First, Applicant desires to abandon/discontinue furnishing, rendering, and supplying wastewater service in whole (i.e. Towamencin will no longer furnish service to any extraterritorial customers in the approved service area).

21. Second, Applicant seeks permission to terminate an agreement under which it leases a portion of the System's assets from the Authority.

22. If the Application and Lease Termination are both approved, the Authority will have full control of the operation of the System (and assume billing and rate-setting duties and maintain the collection system) and will continue to provide full service to extraterritorial customers in the approved service area, and to customers within the Township's geographical boundaries.

23. To effectuate a smooth transition from Applicant to the Authority, those entities, in addition to terminating the Lease, will execute an assignment agreement memorializing the transfer of the Township's rights and responsibilities under the relevant intermunicipal agreements to the Authority ("Assignment"). A copy of the proposed Assignment is attached hereto as **Exhibit D**.

24. Once the Assignment is executed, the Authority will continue providing the same service that Applicant is currently providing to all customers (including extraterritorial customers covered by the CPC).

25. Furthermore, the Authority will treat extraterritorial customers in the approved service area covered by the CPC the same as the customers living within the Township's geographical boundaries. Currently, the extraterritorial customers covered by the CPC pay less than the customers inside the geographic boundaries of the Township.

26. The Authority is well-equipped to continue providing services to all customers, possessing the facilities, experience, expertise, and personnel required to do so.

27. The desire to treat *all* customers — regardless of geographical location — equally, and the concern about increases in rates of the extraterritorial customers that would result from the significant costs associated with PUC rate cases, are the primary impetus for the instant Application.

28. Indeed, first and foremost, Applicant seeks to protect ratepayers. Since the Certificate of Public Convenience was approved, Towamencin has struggled to afford the considerable costs associated with PUC regulation. Among these challenges is the rate-case process, which has hindered Applicant's ability to equalize rates as between intra-territorial and extraterritorial customers.

29. By way of background during the contemplated (and later abandoned) sale process to PAWC, OCA required, as a term of the settlement agreement resulting in issuance of the Certificate of Public Convenience, that the Township abandon its request to approve an equalized stepped rate that would ensure equal treatment of all customers leading up to the consummation of the sale and until the PAWC's first rate base case.

30. Since the CPC was approved, Applicant's terms of service to intra-territorial customers are not regulated by the PUC, yet the terms of service to extraterritorial customers, *i.e.*, the customers receiving service pursuant to the CPC, *are* regulated by the PUC.

31. This means that Applicant is required to proceed through the PUC rate case process to pass its costs of service along equally to all customers.

32. However, Applicant lacks the financial resources, expertise, and personnel to proceed through the rate case process as often as is required by the quickly rising costs of service.

33. Because the Township lacks the requisite resources and proficiencies, the Township must hire outside professionals every time it intends to raise rates. To the extent Township personnel can assist with rate cases, those individuals would be taken away from their primary focus of providing other services more fundamental to the administration of local government affairs.

34. Moreover, the costs associated with facilitating such equalizing rate increases would be passed along to all customers, exacerbating the growing burden on the System's ratepayers.

35. Because proceeding through the rate case process is onerous and costly – and in light of Applicant's limited resources – to cover rising costs of service, Applicant has been forced to raise rates for intra-territorial customers *only* since the CPC was approved.

36. As a result, for over two years, extraterritorial customers have not borne the full costs of service, and thus Applicant's intra-territorial customers are paying significantly more despite receiving the same service.

37. The Township anticipates that costs of service will continue to rise, as several capital projects to maintain the System will soon be required.

38. Due to these required capital projects, under the current state of affairs, the inequality in rates between Township customers and extraterritorial customers will widen.

39. However, with the instant Application, Applicant also seeks to terminate a Lease Agreement entered into with the Towamencin Municipal Authority which would allow the Authority to operate the entire System and assume billing and rate-setting duties.

40. The Authority is not subject to PUC jurisdiction, and therefore will be afforded additional flexibility in equalizing rates to the benefit of ratepayers both within and outside the Township's geographical boundaries.

41. Stated differently, approval of the Application is the best way for Applicant to rectify the inequality in rates between intra-territorial and extraterritorial customers and to protect rate payers from increases due to the significant costs associated with compliance with the Public Utility Code to raise rates to cover the growing cost of service.

42. A copy of the notice to be published in a newspaper of general circulation serving the geographical territory affected by the application, as required by 52 Pa. Code. § 5.14(b)(1), is attached hereto as **Exhibit E**.

43. A copy of the notice to customers of the Applicant's plan, to be sent to customers of the Applicant's plan to abandon service as required by 52 Pa. Code § 5.14(b)(2), is attached hereto as **Exhibit F**.

III. CONCLUSION

44. Applicant, Towamencin Township, respectfully requests that the Commission approve its Application for Approval or Abandonment or Discontinuance of Wastewater

Conveyance and Treatment Services, and approve the termination of Applicant's Lease Agreement with the Towamencin Municipal Authority.

Respectfully Submitted,

/s/ Elizabeth Preate Havey _____

Elizabeth Preate Havey, Esq. (PA ID 21635)

Matthew T. Gardella, Esq. (PA ID 331833)

DILWORTH PAXSON LLP

1650 Market Street, Suite 1200

Philadelphia, PA 19102

(215) 575-7000

Counsel for Applicant, Towamencin Township

VERIFICATION

I, Joyce Snyder, Chairperson of the Board of Supervisors of Towamencin Township, hereby state that the facts set forth in the foregoing *Application for Approval of Abandonment or Discontinuance of Service in Whole* 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 made herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: 2-12-26


Joyce Snyder

Exhibit A

LEASE AND SERVICE AGREEMENT

Between

TOWAMENCIN MUNICIPAL AUTHORITY

as Lessor,

and

TOWNSHIP OF TOWAMENCIN,

as Lessee

Dated as of June 30, 2015
Montgomery County, Pennsylvania

LEASE AND SERVICE AGREEMENT

THIS LEASE AND SERVICE AGREEMENT, made as of June 30, 2015, between TOWAMENCIN MUNICIPAL AUTHORITY, an authority organized and existing under the laws of the Commonwealth of Pennsylvania, as Lessor, (the "Authority"), and the TOWNSHIP OF TOWAMENCIN, a municipal corporation organized and existing under the laws of the Commonwealth of Pennsylvania, as Lessee, (the "Township"), both situated in Montgomery County, Pennsylvania:

WITNESSETH:

WHEREAS, the Authority was incorporated on June 12, 1964 under the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§5601-5623, as amended pursuant to ordinances of the Township of Upper Gwynedd ("Upper Gwynedd") and the Township of Towamencin (the "Township, and, together with Upper Gwynedd, the "Townships"); and

WHEREAS, in connection with previous projects, the Authority acquired title to all rights of way, permits and easements required for a system of collector and interceptor sewers in the Townships and has constructed or acquired the collection sewers and interceptor sewers in the Townships; and

WHEREAS, pursuant to a resolution of the Board of the Authority adopted April 6, 2015, agreeing to and approving the withdrawal of Upper Gwynedd from the Authority, and a resolution adopted by the Board of Commissioners of Upper Gwynedd at its meeting of March 25, 2015, Upper Gwynedd has withdrawn from the Authority; and

WHEREAS, the Authority purchased Upper Gwynedd's interest in certain wastewater treatment facilities (the "Authority Facilities") in the Township; and

WHEREAS, the Authority, at the request of the Township, will undertake an authorized project, consisting, *inter alia*, of (i) the acquisition of Upper Gwynedd's interest in the Authority Facilities, including infrastructure, buildings, equipment, and other facilities, and (ii) the acquisition, construction, equipping, renovation and improvement of other wastewater treatment facilities (the "2015 Project"); and

WHEREAS, the Authority, with the approval of the Townships, has undertaken to fund a portion of the costs of the 2015 Project by the issuance of its \$9,300,000 aggregate principal amount Guaranteed Revenue Note, Series of 2015 (the "2015 Note") to be secured under a Loan and Security Agreement, dated as of June 30, 2015 (the "Loan Agreement"), between the Authority and Susquehanna Bank (the "Bank") by, *inter alia*, an assignment of rentals, capital service charges and other amounts payable under this Lease and Service Agreement (the "Lease" or this "Agreement"); and

WHEREAS, to enhance the marketability of the 2015 Note, thereby achieving interest and other savings to the Authority and the Township, the Township has jointly guaranteed payments of the 2015 Notes, and the payment of amounts due under the Lease and the Loan Agreement pursuant to a Guaranty Agreement (the "Guaranty") dated as of June 30, 2015; and

WHEREAS, the Authority wishes to lease the Sewer System to the Township under the below terms and is willing to continue accepting and treating the sanitary sewage and industrial waste originating in the Township under the terms and conditions set forth in this Agreement;

WHEREAS, the parties hereto desire to set forth the terms and conditions under which the sewage collection system and the interceptor sewers exclusively used by the Township shall be leased to the Township.

NOW, THEREFORE, the Authority, as Lessor, and the Township, as Lessee, in consideration of the rentals hereinafter reserved and of the conditions and covenants herein contained do hereby covenant and agree as follows:

DEFINITIONS

Section 1. Capitalized terms used in this Lease and in any Amendment or Supplement hereto hereinafter entered into in accordance with the provisions hereof, shall have the meanings specified in the Loan Agreement, unless the context clearly otherwise requires.

The following terms used in this Lease shall have the following meanings, unless the context clearly requires otherwise:

Capital Service Charge: The term "Capital Service Charges" shall mean the charges of the Authority payable in each year, as ascertained in accordance with Section 3 of this Agreement.

Connection and Sewer Rent Ordinance: The term "Connection and Sewer Rent Ordinance" shall mean the ordinance enacted by the Township, as from time to time amended, requiring the owners of properties to connect with the sanitary sewers of the Sewer System and adopting rates, rules and regulations.

Lease Rental: The term "Lease Rental" shall mean one (1) dollar per year for the duration of this Agreement.

Operating Account: The term "Operating Account" shall mean the separate account established by the Authority under Section 12 of this Agreement.

Operating Expenses: The term "Operating Expenses" shall mean all costs and expenses of the Authority payable during any given period to operate, maintain and repair the Treatment Plant and for the payment of administration expenses, including, without limitation, costs of labor, supplies, materials, power, insurance, professional fees and expenses, and office expenses.

Operating Service Charge: The term " Operating Service Charge" shall mean the Township's proper share of the Operating Expenses of the Authority as ascertained under Section 5, Section 6, and Section 7 of this Agreement and payable thereunder in each year by the Township.

Sewer Funds: The term "Sewer Funds" shall mean the separate funds to be maintained by the Township pursuant to Section 10 and to be applied as provided in Section 11 hereof.

Sewer Pumping Stations: The term "Sewer Pumping Stations" shall mean the pumping and ejector stations used within the Sewer System.

Sewer System: The term "Sewer System" shall mean and include the system of sanitary sewers used from time to time for the collection of the sanitary sewage in the Township and adjoining municipalities and connected to the Treatment Plant, including lateral service connections, collection sewers, interceptor sewers, the Sewer Pumping Stations, and all real property, rights of way and easements or other interests in land owned or held by the Authority in connection with said facilities, all machinery, equipment and other sewer facilities used in connection therewith, and all renewals, replacements, additions, extensions and improvements of any of the foregoing from time to time acquired or constructed by the Authority or by the Township, exclusive, however, of the Treatment Plant.

Township: The term "Township" shall mean the Township of Towamencin, Montgomery County, Pennsylvania, and, as the context may require, the Board of Township Supervisors (in connection with matters requiring action by said Board) or such officers or employees of the Township as are authorized to act for the Township in the premises.

Treatment Plant: The term "Treatment Plant" shall mean the wastewater facility, located in the Township of Towamencin at 2225 Kriebel Road and the Kriebel Road Interceptor, that sewer trunk line extending from the Treatment Plant to Manhole 24 at Valley Forge Road (UT Trunk) and the portion of the Turnpike Trunk sewer (UT-6) located in Towamencin Township from MH 14 to MH 30 along the Turnpike.

LEASE OF SEWER SYSTEM

Section 2. The Authority, as Lessor, in consideration of the rentals and covenants herein contained does hereby demise and let the Sewer System unto the Township, as Lessee,

TO HAVE AND TO HOLD the same unto the Township for a term of approximately twenty (20) years commencing June 30, 2015 and ending June 1, 2035.

CAPITAL SERVICE CHARGE

Section 3. The Township covenants and agrees to pay to the Authority or its assigns in each year of this Lease commencing in December 2015 and ending with the installment payable June 1, 2035, out of the revenues and receipts of the Sewer System; out of fines and penalties imposed and collected under its Connection and Sewer Rent Ordinance and out of any other current revenues of the Township which may be lawfully applied to such payment, the Capital Service Charges. The Capital Service Charge for each year commencing with the year 2015 shall be the amount required to be paid in accordance with the terms of the Revenue Note and the Guaranty Agreement. Said payments will be made by the Township to the Authority semi-annually on June 1st and December 1st.

PAYMENT OF LEASE RENTAL

Section 4. The Township agrees to pay out of the moneys in the Sewer Funds the Lease Rental payable on or before June 1 of each year under this Agreement. The Township agrees to operate, maintain and repair the Sewer System with the costs paid from the Sewer Funds.

OPERATING SERVICE CHARGE

Section 5. The Operating Service Charge shall be the amount necessary to fund the annual operating budget of the Authority.

On or before November 15 of each year the Authority shall prepare and submit to the Township a proposed operating budget of the Authority for the succeeding year which shall set forth all Operating Costs in such detail.

If the Township shall, on or prior to December 1 of each year, take exception in writing to such proposed budget or any item therein, the Authority shall, in good faith, consider such exception and make such recommended modification or correction as may be possible in the judgment of the Authority consistent always with the Authority's covenants to operate, maintain and repair the Treatment Plant as set forth in this Lease and Service Agreement. On or prior to December 15 of such year, the Authority shall adopt such proposed budget, with such modifications as the Authority shall deem proper, as the operating budget for the succeeding year and shall transmit a copy thereof to the Township.

PAYMENT OF OPERATING SERVICE CHARGE

Section 6. The Operating Service Charge shall be paid by the Township in equal quarterly installments on January 15, April 15, July 15, and October 15 of each year. The Township agrees that the first payment under this Agreement shall be due on or before July 15, 2015.

ADJUSTMENT OF OPERATING SERVICE CHARGE

Section 7. The actual Operating Expenses of the Authority shall be determined at the time of the annual audit of the books of the Authority.

Any difference between such actual Operating Expenses and the amount paid by the Township as the Operating Service Charge during the audited year shall cause either a credit or a debit, as appropriate, in the amount to be paid for the subsequent year.

SUBDIVISION/LAND DEVELOPMENT ADMINISTRATION

Section 8. The Township shall administer all subdivision/land development activities including establishing capacity requirements for projects, collection of fees, Act 537 planning module reviews, and plan reviews. The Authority shall provide Pennsylvania Department of Environmental Protection ("PADEP") Chapter 94 capacity certification reviews as per PADEP requirements.

SEWER PUMPING STATIONS

Section 9. The Authority covenants and agrees to operate, maintain, and repair the Sewer Pumping Stations at the request of the Township. The Authority agrees to provide monthly bills to the Township reporting the operating expenses incurred on operating the Sewer Pumping Station. The Township agrees to pay such operating expenses and associated capital costs.

SEWER OPERATING AND SEWER CAPITAL FUNDS

Section 10. The Township agrees to collect with all due dispatch all sewer rents and charges imposed by it under its Connection and Sewer Rent Ordinance. The Township agrees to maintain all such sewer revenues in segregated funds, designated as the Sewer Fund and/or the Sewer Capital Fund, to be maintained separate and apart from all other funds of the Township.

DISBURSEMENT OF SEWER REVENUES

Section 11. The money from time to time on deposit in the Sewer Funds shall be disbursed by the Township for the following purposes:

(a) To pay the semi-annual installments of the Capital Service Charges;

(b) To pay the quarterly installments of the Operating Service Charges;

(c) To pay, or reimburse the Township for, Operating Expenses;

(d) To pay the annual Lease Rental;

(e) To pay, or reimburse the Township for, the cost of such extensions, additions and improvements to the Sewer System (undertaken by the Township, at its expense) as may be desirable to maintain adequate service; to pay, or reimburse the Township for, all or any part of the cost of other capital additions; to pay, or reimburse the Township for, the cost of sewer service lines to serve additional property owners; and to pay refund obligations under extension agreements entered into by the Authority or the Township pursuant to the Loan Agreement or this Lease.

If the Township shall construct extensions to the collection sewers within the Township and shall impose assessments against properties benefitted or shall enter into agreements with property owners to make payments in lieu of assessments, the Township shall be reimbursed under subsection (e) above only for the net costs of such extensions (that is after deducting the aggregate collection of the assessments and payments in lieu of assessments), except to the extent that the Township shall agree to deposit assessments and such payments as and when collected in the Sewer Fund as other revenues and receipts of the Sewer System under clause (c) of Section 10 and shall make such deposits as and when assessments and payments are collected.

AUTHORITY OPERATING ACCOUNT

Section 12. The Authority covenants and agrees to maintain with one or more banks or trust companies an account separate from all other accounts of the Authority to be known as the Operating Account. The Authority shall deposit in the Operating Account all payments of Operating Service Charges made by the Township under this Agreement and amendments hereto, the interest and profits on all investments of the Operating Account, and such other moneys or revenues of the Authority. The moneys and investments on deposit in the Operating Account shall be applied by the Authority only for the payment of Operating Expenses.

COVENANT AGAINST PRIOR LIENS

Section 13. The Township covenants and agrees that during the entire term of this Lease it will not create any charge on the revenues of the Sewer System prior to its obligations under Sections 3, 4, 5, and 10.

COMPLIANCE WITH LAW

Section 14. The Township covenants and agrees that it will at all times comply with all applicable requirements of the laws of the Commonwealth and with all applicable lawful requirements of the Department and of any other agency, board or commission created under the laws of the Commonwealth or of any other duly constituted public authority with respect to the Sewer System, or with respect to the sewer rents and charges imposed.

AMENDMENTS AND SUPPLEMENTS

Section 15. If the Authority shall require additional funds to complete construction of the 2015 Project and shall issue Indebtedness for such purpose, the Township covenants and agrees to execute such an Amendment to this Lease, and if an increase in the sewer rents is required, to amend its Connection and Sewer Rent Ordinance, putting the necessary increase into effect. If the Authority shall also issue Indebtedness to acquire, construct or complete capital additions approved by the Townships or to refund Notes, it shall likewise execute such Amendments as may be required and shall amend its Connection and Sewer Rent Ordinance as required.

FAILURE TO PAY RENTALS AND OTHER DEFAULTS

Section 16. If the Township shall fail to pay any installment of Capital Service Charges payable under this Lease or under any Amendment hereto, within sixty (60) days after the same shall become due, or shall fail to comply with any other of its covenants or agreements in this Lease or in any Amendment, for a period of sixty (60) days after written notice from the Authority or its attorney, the Authority or its attorney may, in addition to other remedies available to the Authority at law or in equity, without further notice terminate this Lease and take possession of the Sewer System and each and every part thereof. If the Authority shall be entitled to terminate this Lease upon default of the Township as aforesaid, the Bank, or any successor bank appointed pursuant to the Authorities Act by the owners of the Notes issued under the Loan Agreement, or any receiver appointed pursuant to said Act, may as attorney-in-fact of the

Authority exercise all of its rights to terminate this Lease as above provided and may take possession of the Sewer System. In the event that this Lease shall be terminated as above provided the Township shall surrender all its books and records relating to the Sewer System to whomever shall take possession thereof.

MISCELLANEOUS

Section 17. If the designation in this Lease of any fund, account, individual or other defined term shall duplicate or tend to cause confusion with a similar fund, account, individual or defined term in or referred to in any other Lease or Service Agreement, or other contract or document to which the Township is a party, the designations herein may be amended by adding thereto such qualifying word or figure as may be necessary or desirable to eliminate such duplication or confusion.

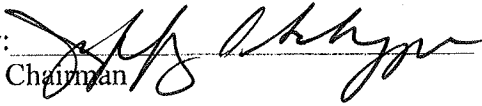
The terms and provisions of this Lease shall prevail over any prior agreement relating to the Sewer System.

TERMINATION OF LEASE

Section 18. When all the Notes by the Authority under the Loan Agreement and any other indebtedness of the Authority secured by lease payments hereunder, shall have been paid in full or due provisions for such payment made, the Township upon written notice to the Authority may terminate this Lease.

IN WITNESS WHEREOF, Towamencin Municipal Authority, as Lessor, and the Township of Towamencin, as Lessee, have caused this Lease and Service Agreement to be duly executed as of the day and year first above written.

TOWAMENCIN MUNICIPAL
AUTHORITY

By: 
Chairman

(SEAL)

Attest: 
Secretary

TOWNSHIP OF TOWAMENCIN

By: _____
Chairman, Board of
Supervisors

(SEAL)

Attest: _____
Township Secretary

[Signature Page to the Lease and Service Agreement]

IN WITNESS WHEREOF, Towamencin Municipal Authority, as Lessor, and the Township of Towamencin, as Lessee, have caused this Lease and Service Agreement to be duly executed as of the day and year first above written.

TOWAMENCIN MUNICIPAL
AUTHORITY

By: _____
Chairman

(SEAL)

Attest: _____
Secretary

TOWNSHIP OF TOWAMENCIN

By: 
Chairman, Board of
Supervisors

(SEAL)

Attest: 
Township Secretary

[Signature Page to the Lease and Service Agreement]

ASSIGNMENT


KNOW ALL MEN BY THESE PRESENTS, that the Towamencin Municipal Authority, an authority organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania (hereinafter called the Authority), does hereby assign, transfer and set over unto Susquehanna Bank as Note Purchaser under a certain Loan and Security Agreement dated as of June 30, 2015, and its successors in said trust, all its right, title and interest in and to the foregoing Lease dated as of June 30, 2015 between the Authority and the Township of Towamencin, together with all rentals payable thereunder, and all rentals which may be payable under any and all amendments and supplements to said Lease, to have and to hold said rentals and to apply the same in accordance with said Loan and Security Agreement.

IN WITNESS WHEREOF, the Towamencin Municipal Authority has caused this assignment to be duly executed this 30th day of June, 2015.

TOWAMENCIN MUNICIPAL
AUTHORITY

By: 
Chairman

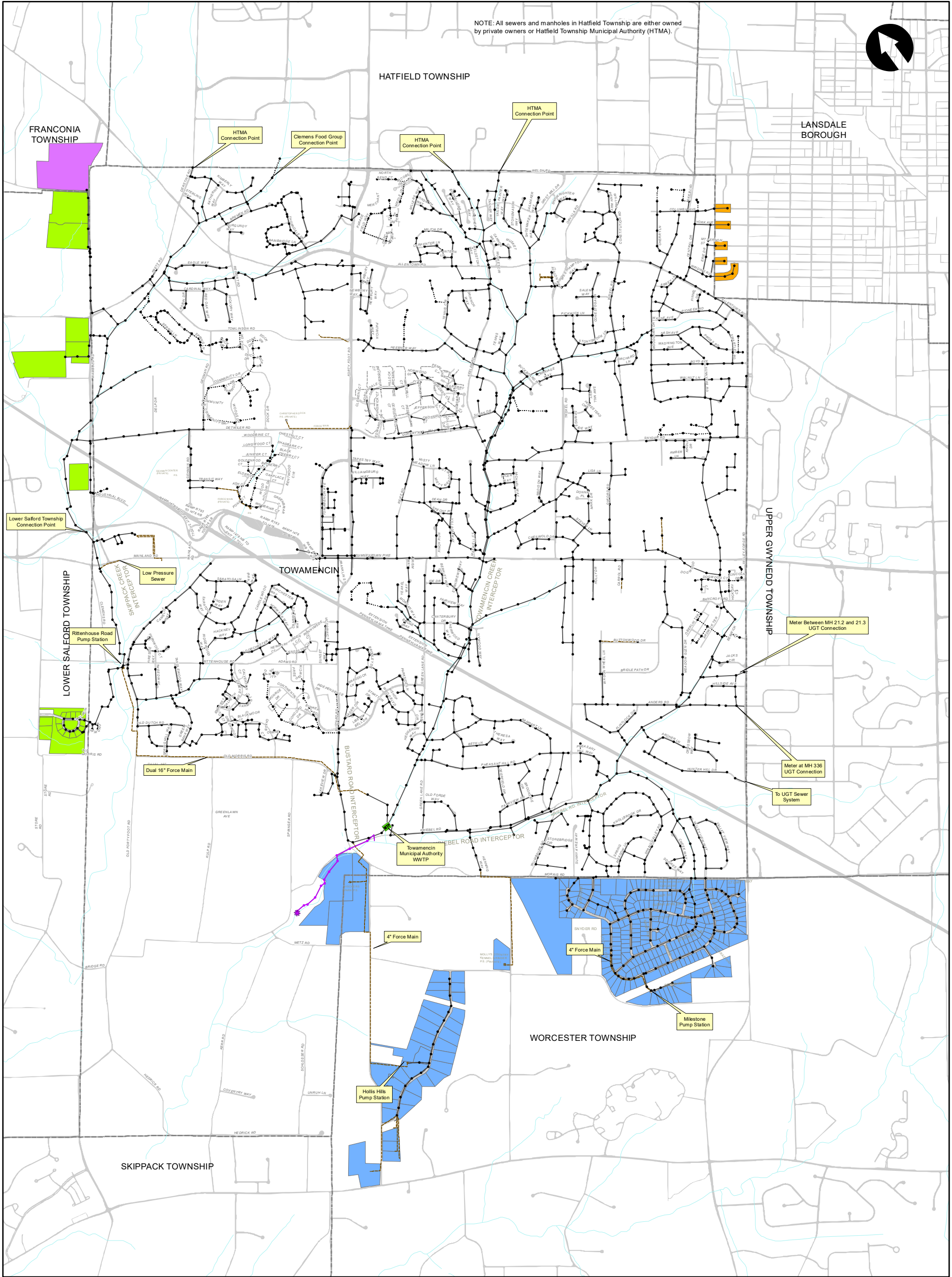
(SEAL)

Attest: 
Secretary

[Signature Page to the Assignment of the Lease and Service Agreement]

Exhibit B

NOTE: All sewers and manholes in Hatfield Township are either owned by private owners or Hatfield Township Municipal Authority (HTMA).



Legend			
	UGTMA WWTP		Collector Laterals (Private)
	Sanitary Manholes		Effluent Sanitary Sewer
	Discharge Location		Force Main
	Effluent Sanitary Mh/ Junction Box		Sanitary Sewers (Private)
			Sanitary Sewers
			Worcester BRI Sanitary Sewer
	Franconia Township Service Properties		Lansdale Borough Service Properties
	Lower Salford Township Service Properties		Worcester Township Service Properties

TOWAMENCIN TOWNSHIP
SANITARY SEWER
SERVICE AREA MAP - PROPERTIES SERVED
 TOWAMENCIN TOWNSHIP, MONTGOMERY COUNTY, PENNSYLVANIA

GILMORE & ASSOCIATES, INC.
 ENGINEERING & CONSULTING SERVICES
65 EAST BUTLER AVENUE NEW BRITAIN, PA 18901-5106 • (215) 345-4330 • www.gilmore-assoc.com

JOB NO: 22-01077 DATE: MAY 5, 2023

Exhibit C

2024
Revenues and Expense
Extraterritorial Customers

Revenue	TMA	Township	Total	Service Area %	Service Area portion
Sewer Charges	-	8,227,097	8,227,097	3.2%	260,958
Surcharge Revenue	1,109,405	-	1,109,405	0%	0
Sludge Removal Revenue	558,406	-	558,406	29.5%	164,556
Interest Earnings	2,914	288,900	291,814	5%	14,591
Total Revenue	1,670,725	8,515,997	10,186,722	4.2%	440,105

Expenditure	TMA	Township	Total	Service Area %	Service Area portion
Operations	2,373,901	1,824,847	4,198,748	4.2%	176,881.11
Depreciation	1,313,398	20,596	1,333,994	4.2%	56,197.31
Maintenance	1,388,954	-	1,388,954	4.2%	58,512.62
Capital	472,317	217,036	689,353	4.2%	29,040.45
Debt Service	125,557	739,257	864,814	4.2%	36,432.10
Physical Plant/General	552,291		552,291	4.2%	23,266.42
Administration	388,596		388,596	4.2%	16,370.43
Rittenhouse PS	236,593		236,593	0%	-
Hollis Hills PS	17,544		17,544	100%	17,544.14
Milestone PS	36,052		36,052	100%	36,051.94
Total Expenditures	6,905,203	2,801,736	9,706,938	4.6%	450,297

**Residential Sewer rate was increased to \$590 in 2024 for customers other than the extraterritorial customers covered by the Certificate of Public Convenience, which remained at the \$450 rate.*

Exhibit D

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “*Agreement*”) is made and entered into as of this _____ day of _____ 2026 (the “*Effective Date*”) by and between the Towamencin Municipal Authority, a public body corporate and politic and a municipal authority of the Commonwealth of Pennsylvania (the “*Authority*”), and the Township of Towamencin, a municipality duly organized and existing the Township’s Home Rule Charter (the “*Township*”).

BACKGROUND

WHEREAS, the Authority owns the Towamencin wastewater system (the “*System*”) which is comprised of a collection and conveyance system as well as the Towamencin Township Wastewater Treatment Plant (the “*Plant*”). The Township leases the wastewater system other than the Plant and the Kreibel Interceptor and portions of two sewer trunk lines from the Authority pursuant to the Lease dated June 30, 2015 (the “*Lease*”), and

WHEREAS, the Township and the Authority desire to terminate the Lease and transfer the contracts listed on **Exhibit A** hereto (the “*Contracts*”) and any other assets that are material to the operation of the System and owned by the Township, if any, so that the Township does not own or operate or have any interest in any portion of the System; and

WHEREAS, the Township has determined that it is in its best interest to assign its rights, title and interest in the Contracts and System assets, if any, to the Authority and the Authority agrees to assume the obligations and liabilities of the Township related to the System, including but not limited to the Contracts; and

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

1. As of the Effective Date, the Township hereby transfers, grants, conveys and assigns to the Authority all of its right, title and interest in the System, including but not limited to the Contracts, and the Authority hereby accepts such assignment and agrees to pay, perform, fulfill and discharge, when due and in accordance with their respective terms, all obligations and liabilities of the Township with respect to the System, including all obligations and liabilities of the Township under the Contracts.

2. On or promptly following the Effective Date, the Township and the Authority shall take any and all other actions necessary and appropriate to transfer to and vest in the Authority all assets and rights currently held by the Township in the System.

3. Nothing contained herein shall in any way enhance or expand the rights of any party with respect to any of the liabilities or obligations assumed hereunder, and each party hereto reserves any and all defenses, rights of offset, claims and counterclaims that it may have with respect to any such liabilities and obligations.

4. The Township makes the following representations or warranties to the Authority:

(a) *Organization.* The Township is a duly organized municipality and a Township of the Second Class of the Commonwealth of Pennsylvania governed by a Home Rule Charter.

(b) *Power and Authority.* The Township has duly authorized and approved the execution and delivery of this Agreement and the performance of the Township of its obligations contained in this Agreement. The Township has the power and authority to enter into this Agreement to do all acts, and things and execute and deliver all other documents as are required, whether under this Agreement, to be done, observed or performed by it in accordance with the terms hereof and thereof.

(c) *Enforceability.* This Agreement constitutes a valid and legally binding obligation of the Township, enforceable against the Township 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 the general principles of equity.

(d) *No conflict.* The execution and delivery of this Agreement by the Township, the consummation of the transactions contemplated hereby and the performance by the Township of the terms, conditions and provisions hereof and thereof 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 Township under (i) any applicable law or (ii) any agreement, instrument or document to which the Township is a party or by which it is bound.

(e) *Consents.* No consent is required to be obtained by the Township from, and no notice or filing is required to be given by the Township to or made by the Township with, any person (including any governmental authority) in connection with the execution, delivery and performance by the Township of this Agreement or the consummation of the transactions contemplated hereby as of the Effective Date, except for those consents which have been obtained or will be obtained on or before the Effective Date or, with respect to the performance of the Township's obligations after the Effective Date, those consents which the Township has obtained or reasonably expects to obtain in the ordinary course prior to the time when such consent is required.

(f) *Litigation.* As of the Effective Date, 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 Township, threatened against the Township which could have a material adverse effect on the operations of the System or materially affect the validity or enforceability of this Agreement.

5. The Authority makes the following representations or warranties to the Township:

(a) *Organization.* The Authority is a public body corporate and politic and a parking authority of the Commonwealth of Pennsylvania.

(b) *Power and Authority.* The Authority has duly authorized and approved the execution and delivery of this Agreement and the performance of the Authority of its

obligations contained in this Agreement. The Authority has the power and authority to enter into this Agreement to do all acts, and things and execute and deliver all other documents as are required to be done, observed or performed by it in accordance with the terms hereof.

(c) *Enforceability.* This Agreement constitutes a valid and legally binding obligation of the Authority, enforceable against the Authority 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 the general principles of equity.

(d) *No conflict.* The execution and delivery of this Agreement by the Authority, the consummation of the transactions contemplated hereby and the performance by the Authority 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 Authority under (i) any applicable law or (ii) any agreement, instrument or document to which the Authority is a party or by which it is bound.

(e) *Consents.* No consent is required to be obtained by the Authority from, and no notice or filing is required to be given by the Authority to or made by the Authority with, any person (including any governmental authority) in connection with the execution, delivery and performance by the Authority of this Agreement or the consummation of the transactions contemplated hereby as of the Effective Date, except for those consents which have been obtained or will be obtained on or before the Effective Date or, with respect to the performance of the Authority's obligations after the Effective Date, those consents which the Authority has obtained or reasonably expects to obtain in the ordinary course prior to the time when such consent is required.

(f) *Litigation.* As of the Effective Date, except for the pending litigation disclosed to the Township, 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 Authority, threatened against the Authority which could have a material adverse effect on the operations of the System or materially affect the validity or enforceability of this Agreement.

6. The Authority agrees that within thirty (30) days after the Effective Date, it will notify the parties to the Contracts in writing about this Assignment.

7. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania without giving effect to principles of conflicts of laws.

8. This Agreement is for the sole benefit of the parties hereto and their successors and permitted assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the parties hereto and such permitted successors and assigns, any legal or equitable rights hereunder.

9. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the Authority and the Township, or, in the case of a waiver, by the party waiving compliance.

10. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

11. This Agreement may be executed in one or more counterparts, each of which is considered an original and all of which together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

TOWAMENCIN TOWNSHIP

By: _____
Name:
Title:

TOWAMENCIN MUNICIPAL AUTHORITY

By: _____
Name:
Title:

EXHIBIT A
CONTRACTS

1. Sewage Treatment Agreement among Towamencin Township, Towamencin Municipal Authority and Clemens Food Group (Hatfield Quality Meats) dated October 27, 2015

2. Municipal Agreements:

- Agreement among Hatfield Township, Hatfield Township Municipal Authority, Towamencin Township and Upper Gwynedd-Towamencin Municipal Authority re Derstine Watershed Area and other areas dated October 13, 2010 which incorporates by reference the 2001 Agreement among the same parties.

- Agreement between Borough of Lansdale, Township of Upper Gwynedd, Township of Towamencin, Lansdale Sewer Authority and the Upper Gwynedd-Towamencin Municipal Authority dated December 29, 1969

- Transportation and Capacity Agreement between Towamencin Township, Upper Gwynedd-Towamencin Municipal Authority, Lower Salford Township Authority and Lower Salford Township dated September 18, 1989 and Modification Agreement dated August 24, 1994 (modifies but does not terminate the 1989 Agreement) and as modified by the Letter dated July 28, 2016 to Towamencin from LSTA and Emails between Towamencin Township and Lower Salford Authority dated October 7, 2016

- Agreement among Towamencin Township, Franconia Township Authority, Upper Gwynedd-Towamencin Municipal Authority and JDJ Associates (aka Asher's Chocolates) dated December 17, 1997

- Customer Service Agreement by and between Towamencin Township and Upper Gwynedd Township dated March 2, 2015

Exhibit E

NOTICE

Abandonment and Discontinuance of Service.

A-2026-_____. **Towamencin Township.** Application of Towamencin Township with the Pennsylvania Public Utility Commission (“PUC”) for approval to abandon and discontinue furnishing wastewater conveyance and treatment services in its approved service area. **Towamencin Township** proposes that the **Towamencin Municipal Authority** shall continue providing wastewater conveyance and treatment services to all current customers on the same or substantially similar terms and conditions.

Formal protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities). Filings must be made with the Secretary, Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the applicant. The documents filed in support of the application are available for inspection and copying at the Office of the Secretary between 8:30 a.m. and 4:30 p.m., Monday through Friday, and at the applicant’s business address.

Applicant: Towamencin Township, 1090 Troxel Road, Lansdale, PA 19446.

Through and by Counsel: Elizabeth Preate Havey, Matthew T. Gardella, 1650 Market Street, Philadelphia, Pennsylvania, 19103-7301.

Exhibit F

NOTICE TO CUSTOMERS

A-2026-_____ . Towamencin Township. Application of Towamencin Township with the Pennsylvania Public Utility Commission (“PUC”) for approval to abandon and discontinue furnishing wastewater conveyance and treatment services in its approved service area. **Towamencin Township** proposes that the **Towamencin Municipal Authority** shall continue providing wastewater conveyance and treatment services to all current customers on the same or substantially similar terms and conditions.

Formal protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities). Filings must be made with the Secretary, Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the applicant. The documents filed in support of the application are available for inspection and copying at the Office of the Secretary between 8:30 a.m. and 4:30 p.m., Monday through Friday, and at the applicant’s business address.

Applicant: Towamencin Township, 1090 Troxel Road, Lansdale, PA 19446.

Through and by Counsel: Elizabeth Preate Havey, Matthew T. Gardella, 1650 Market Street, Philadelphia, Pennsylvania, 19103-7301.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**IN RE: APPLICATION OF
TOWAMENCIN TOWNSHIP FOR
APPROVAL OF THE
ABANDONMENT OR
DISCONTINUANCE OF
WASTEWATER CONVEYANCE
AND TREATMENT SERVICES**

DOCKET A-2026-

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the electronically filed *Application of Towamencin Township for Approval of the Abandonment or Discontinuance of Wastewater Conveyance and Treatment Services*, upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a participant).

Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
2nd Floor, Room N-201
Harrisburg, PA 17120
Via UPS, Next Day Air

NazAarah Sabree, Small Business Advocate
Office of Small Business Advocate
Department of Community and Economic
Development
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101-1303
Via UPS, Next Day Air

Pennsylvania Department of Environmental
Protection Headquarters
400 Market Street
Harrisburg, PA 17101
Via UPS, Next Day Air

PA DEP Southeast Regional Office
2 E. Main Street
Norristown, PA 19401
Via UPS, Next Day Air

Pennsylvania Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
Via UPS, Next Day Air

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17105
Via UPS, Next Day Air

Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17105
Via UPS, Next Day Air

Towamencin Municipal Authority
2225 Kriebel Road
Harleysville, PA 19438
Via UPS, Next Day Air

Upper Gwynedd Township
1 Parkside Place
North Wales, PA 19454
Via UPS, Next Day Air

Lower Salford Township
379 Main Street
Harleysville, PA 19438
Via UPS, Next Day Air

Borough of Lansdale
1 Vine Street, Suite 201
Lansdale, PA 19446
Via UPS, Next Day Air

Franconia Township
671 Allentown Road
Telford, PA 18969
Via UPS, Next Day Air

North Penn Water Authority
300 Forty Foot Road
Lansdale, PA 19446
Via UPS, Next Day Air

Hatfield Township Municipal Authority
3200 Advance Lane
Colmar, PA 18915
Via UPS, Next Day Air

North Wales Water Authority
200 West Walnut Street
North Wales, PA 19454
Via UPS, Next Day Air

Montgomery County Planning Commission
One Montgomery Plaza
Suite 201
425 Swede Street
Norristown, PA 19401
Via UPS, Next Day Air

Worcester Township
1721 South Valley Forge Road
Worcester, PA 19490
Via UPS, Next Day Air

Lower Salford Township Authority
57 Main Street
Harleysville, PA 19438
Via UPS, Next Day Air

Lansdale Sewer Authority
1 Vine Street, Suite 201
Lansdale, PA 19446
Via UPS, Next Day Air

Franconia Township Sewer Authority
671 Allentown Road
Telford, PA 18969
Via UPS, Next Day Air

Hatfield Township
1950 School Road
Hatfield, PA 19440
Via UPS, Next Day Air

Hatfield Township
1950 School Road
Hatfield, PA 19440
Via UPS, Next Day Air

Aqua Pennsylvania
762 West Lancaster Avenue
Bryn Mawr, PA 19010
Via UPS, Next Day Air

Dated this 13th day of February, 2026

/s/ Elizabeth Preate Havey
Elizabeth Preate Havey, Esquire
Counsel for the Applicant, City of Pittston