



**VIA E-FILING**

May 28, 2026

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

**Re: Application of Aqua Pennsylvania, Inc. Pursuant to Section 1102 of the Public Utility Code for approval of the sale of the water system assets of the Suburbia system situated within a portion of North Coventry Township, Chester County, Pennsylvania to North Coventry Water Authority, and the abandonment of Aqua's service to the Suburbia system  
Docket No. A-2026-\_\_\_\_\_**

Dear Secretary Homsher:

Enclosed please find Aqua Pennsylvania, Inc.'s ("Aqua") PUBLIC REDACTED Application pursuant to Section 1102 of the Public Utility Code for approval of the sale of the water system assets of Aqua's Suburbia system situated within a portion of North Coventry Township, Chester County, Pennsylvania to North Coventry Water Authority, and Aqua's abandonment of water service to the Suburbia system.

The Application includes Confidential information being filed under separate mailing with the Secretary's Bureau.

The \$350.00 filing fee is being paid electronically. Please enter my appearance for Aqua in this matter. If you have any questions regarding this filing, please contact me at 610-645-1130, or by email at [astahl@aquaaamerica.com](mailto:astahl@aquaaamerica.com).

Sincerely,

  
Alexander R. Stahl  
Regulatory Counsel

cc: Certificate of Service (w/encl.)

Enclosures

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**In re: Application of Aqua Pennsylvania, : Docket No. A-2026-  
Inc. (hereinafter referred to as “Aqua”, the :  
“Company” or “Applicant”) Pursuant to :  
Section 1102 of the Public Utility Code, for :  
approval of:**

**(1) the sale by Aqua of the water system :  
assets of Aqua’s Suburbia system situated :  
within a portion of North Coventry :  
Township, Chester County, Pennsylvania to :  
North Coventry Water Authority; and**

**(2) Aqua to abandon water service to the :  
public in a portion of North Coventry :  
Township, Chester County, Pennsylvania. :**

**To the Pennsylvania Public Utility Commission (“PUC” or the “Commission”):**

**I. BACKGROUND**

1. The names and addresses of the Applicant are:

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

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

Alexander R. Stahl, Esq.  
(PA Attorney ID No. 317012)  
Aqua Pennsylvania, Inc.  
762 West Lancaster Ave.  
Bryn Mawr, PA 19010  
Tel: 610-645-1130  
Email: astahl@aquaamerica.com

3. Pursuant to Section 1102 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102,

Applicant hereby requests that the Commission approve: (1) Aqua’s sale of the water system assets (“Assets”) of Aqua’s Suburbia system in North Coventry Township (“North Coventry” or the

“Township”), Chester County, Pennsylvania (the “System”) to North Coventry Water Authority (“NCWA” or the “Authority”); and (2) the abandonment of service territory and associated rights to supply water service to the System situated within a portion of the Township in the areas outlined in the map attached hereto as **Exhibit A**, (the “Abandoned Territory”).<sup>1</sup> The Abandoned Territory is approximately 0.066 square miles (42.3 acres).

4. The map of the Abandoned Territory includes a north arrow depicting map orientation, a graphic scale, the municipal boundaries of North Coventry and identification and depiction of all private and public roads relative to the Abandoned Territory.

5. Aqua, NCWA, and North Coventry have reached an agreement regarding the acquisition of the Assets of Aqua, as evidenced by the Asset Purchase Agreement, attached hereto as **Exhibit B** (“Agreement”).<sup>2</sup> Aqua respectfully requests that the Commission issue an *Order* and any *Certificates of Public Convenience* evidencing abandonment of water service to the public in the Suburbia System as requested in this Application.

6. An **Application Exhibit List** identifying exhibits referenced in the Application is included with this Application.

## **II. TRANSACTING ENTITIES**

7. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua furnishes water service to approximately 463,000 customers in Pennsylvania, as reflected in documents already on file with the Commission. Aqua’s existing service territory covers various Counties throughout Pennsylvania, including parts of Chester County, Pennsylvania.

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<sup>1</sup> The Abandoned Territory Map is being filed in CONFIDENTIAL and PUBLIC formats.

<sup>2</sup> The Agreement is being filed in CONFIDENTIAL and PUBLIC formats.

8. The NCWA is a duly organized and validly existing municipal authority organized and existing under the Municipal Authorities Act of 1945. NCWA owns and maintains a water system that furnishes water service to approximately 958 customers in a portion of North Coventry, Chester County, Pennsylvania.

9. Applicant incorporates into this Application other information on file with the Commission necessary for the Commission to issue a Final Order approving this Application. Aqua will supplement this Application with all additional information the Commission may require. Financial Statements of Aqua for 2025 are attached hereto as **Exhibit C**.

### **III. PLANT ASSETS AND CUSTOMERS**

10. Aqua will sell the assets, properties and rights of the System that Aqua holds and uses for water service in the System as defined in the Agreement, i.e., the Assets. All of the Assets are located within North Coventry.

11. The Assets include approximately 194 lineal feet (“LF”) of 6-inch ductile iron (“DIP”) mains; 1,620 LF of 8-inch DIP mains; and 2,800 LF of 12-inch DIP. The Assets also include 12 fire hydrants and 10 fire service lines. The majority of the distribution mains were installed in 2002, 2010, and 2024. The Assets also include the partial assignment of right of way and water facilities easement agreement. The Assets include the tie-in main and ancillary facilities as described in Section 1.7 of the Agreement, which include approximately 2,600 LF of 12-inch DIP, four hydrants and stubbed services.

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

13. The System provides water service to approximately 41 customers, which includes 2 residential and 39 commercial customers, in North Coventry. Customers are currently billed monthly under Aqua’s Rate Zone 1 rates as described in Section V.

14. Public wastewater service is provided in the Abandoned Territory by the North Coventry Municipal Authority.

**IV. ASSETS PURCHASE AGREEMENT**

15. The Assets Purchase Agreement is dated August 15, 2025. The purchase price is the cost of the existing facilities; the design, engineering, permitting (i.e., Highway Occupancy Permits from the Pennsylvania Department of Transportation (“PennDOT”) and North Coventry), and construction and installation of the Tie-in Main and laterals to the curblines; and the cost of the Meter Replacement. The purchase price is based on arm’s length negotiations. Aqua and Seller are not affiliated with each other. The Purchase Price as described above is:

Cost of Existing Facilities: <sup>3</sup>	\$0.00
Design, Engineering, & Permitting:	\$61,930.00
Construction/Installation of Tie Main/Laterals: <sup>4</sup>	\$762,453.78
Meter Replacement: <sup>5</sup>	\$25,000.00
<b>Total:</b>	<b>\$849,383.78</b>

16. The Assets to be transferred are, as presented in Section III above, all of the assets, properties and rights of the System used water service in this portion of North Coventry. The Assets include all pipes, pipelines, valves, improvements, fixtures, rights-of-way, rights, uses licenses and easements owned by Aqua relating to the water distribution (but not production and

<sup>3</sup> Assets have zero net book value because they are fully contributed.

<sup>4</sup> Current spend to date is \$633,709.08. Forecasted additional spend includes \$128,744.70 for restoration. Final amounts will be available upon completion of restoration.

<sup>5</sup> Estimated cost of meter replacement. Final amounts will be available after replacement.

storage) components of the System. The Assets include the Tie-in Main, and the easements and rights of way across lot 1 described the Deed of Easement and Right of Way in Deed Book 7405, page 750, set forth in **Exhibit D1**. Aqua will be removing the existing water meters from each customer premises and replace those meters with a meter selected by NCWA at NCWA's cost. Aqua will retain the removed Aqua meters.

17. NCWA will assume all obligations of providing water service after the Effective Time of Closing.

18. "Excluded Assets", which are those assets not being transferred to Aqua, has the meaning specified in Section 1.3 of the Agreement. Excluded Assets include water production and storage improvements and assets, including the well, concrete tank, reservoirs, pumps, pump building and the contents thereof; land, building and improvements of the Tank and Well Parcel as described in the Agreement; Rights-of-way and water facilities easement agreement and water grant set forth in the Indenture in Deed Book 7405, page 754, attached hereto as **Exhibit D2**; rights to use the Tank and Well Parcel under the Right of Wat And Water Facilities Easement Agreement as set forth in Deed Book 7405, Page 750 attached hereto as **Exhibit D1**; boosters and chemical and electrical equipment; accounts receivable; among others set forth in Section 1.3 of the Agreement.

19. The tentative journal entries to record the transfer in Aqua's accounts consist of the following:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Utility Plant Purchased or Sold	\$300,766.45	
Net Utility Plant In Service		(\$300,766.45)
Net Contribution In Aid of Construction	\$352,692.17	
Utility Plan Purchased or Sold		(\$352,692.17)
Utility Plant Purchased or Sold	\$849,383.78	
Cash		(\$849,383.78)
Notes Receivable – Non-Affiliate	\$849,383.78	
Utility Plan Purchased or Sold		(\$849,383.78)

## V. RATES

20. Customers of the System are currently charged Aqua’s Rate Zone 1 rates as set forth in Aqua’s Tarriff, excerpted and attached hereto as **Exhibit E**. After Closing, NCWA will implement Aqua’s current rates for the System as part of its rates and charges which they intend to bill on a quarterly basis.

21. Upon Commission approval of this Application and completion of the proposed transaction, Aqua will transfer the Assets and customers to NCWA. NCWA will implement its rules and regulations governing the provision of water service in the Abandoned Territory, at Closing. A copy of NCWA’s current rates, rules and regulations are attached hereto as **Exhibit F**.

## VI. COST OF SERVICE

22. Copies of NCWA’s Annual Financial Reports for 2023 and 2024 are attached hereto as **Exhibit G**.

23. Copies of NCWA’s adopted budget for 2024 and 2025 are attached hereto as **Exhibit H**.

24. Revenue from the customers in the system totals \$66,398.

25. Aqua projects annual expenses savings of \$77,702 after Closing.

26. There are no Pennsylvania Infrastructure Investment Authority (“PENNVEST”) grants/loans on the water plant being sold.

## **VII. PROOF OF COMPLIANCE**

27. The System will be interconnected with NCWA’s existing water system in North Coventry. Mr. Randy S. Sassaman will be the assigned Certified Water Operator for the System. Mr. Sassaman’s currently effective Water Operator’s License is attached hereto as **Exhibit I**.

28. The Public Water Supply (“PWS”) Permits for the System are attached as **Exhibit J**.

29. Aqua did not have any Notices of Violation (“NOV”) related to the System issued by DEP within the last five years.

30. Aqua is a Class A utility. It is in good standing with DEP and in general compliance with the DEP regarding the provision of water service.

31. The System will be supplied water from NCWA’s system. The NCWA system consists of 22 miles of distribution main, two storage tanks totaling 1 million gallons (“MG”) of storage capacity (0.5 MG each). The NCWA’s receives its water supply from Pottstown Borough Water Authority Treatment Plant, which draws from the Schuylkill River. NCWA had total metered consumption of 92.476 MG in 2024. Total consumption within the System for 2025 was 2,934,300 gallons. Therefore, the NCWA has capacity to meet current and future customer needs within the System.

32. The web address for the North Coventry Comprehensive Plan is: <https://northcoventrytownship.com/bos/pc/>. The web address for the Chester County Comprehensive Plan is <https://www.chescoplanning.org/landscapes3/>.

33. Aqua is not anticipating any physical or managerial changes to Aqua after closing. Operational changes, including operational savings, are described in Section IX.

#### **VIII. AFFECTED PERSONS**

34. No corporation or entity has corporate or franchise rights to furnish water service in the Abandoned Territory, other than Aqua currently, and no competitive condition will be created by approval of this Application. Water and wastewater service providers abutting or within one mile of the Requested Territory are as follows:

- a. Within North Coventry, water service is provided by NCWA and private wells. Wastewater service is provided by North Coventry Municipal Authority.

35. Aqua will send a notice as directed by the Commission to the Suburbia System customers in the form of **Exhibit K**, attached hereto.

#### **IX. REASONS SUPPORTING THE INSTANT APPLICATION**

36. Approval of this Application is necessary or proper for the following reasons:

- a. NCWA has interest in serving the customers of the Suburbia System;
- b. The divestiture of the Suburbia System will further streamline Aqua's existing operations and reduce overall operating expenses of the Company, including annual expense savings of \$77,702;
- c. Interconnecting the Suburbia System with NCWA will also promote consolidation and regionalization of water systems in Pennsylvania;
- d. The Suburbia System, served by the main extension and transfer of customers to NCWA, will resolve water quality concerns that have persisted related to iron,

manganese, chloride, total dissolved solids (“TDS”), volatile organic compounds (“VOC”), Per- and Poly-fluoroalkyl Substances (“PFAS”), methyl tertiary butyl ether (“MTBE”), and tetrachloroethylene (“PCE”). The significant capital investment required to implement treatment for this small system would be better served by the main extension and transfer of customers from Aqua to NCWA. This will result in avoided capital costs related to installation of reverse osmosis and PFAS treatment which comes with increased operating costs including labor, sampling costs, purchased power, waste product disposal (related to treatment necessary for the System), and media exchange; and

- e. Granting this Application will not deprive any customer of potable water, and customers of the Suburbia System will see an improvement in overall water quality.

**X. APPROVAL OF CONTRACTS BETWEEN AQUA, NCWA AND NORTH COVENTRY**

37. Aqua requests the Commission approve and issue Certificates of Filing, to the extent necessary for the Agreement between Aqua, NCWA and North Coventry, included in this Application as Exhibit B.

**XI. CONCLUSION**

**WHEREFORE**, Aqua Pennsylvania, Inc. requests that the Pennsylvania Public Utility Commission approve this Application by entering an *Order*:

- a. Issuing *Certificates of Public Convenience* evidencing the abandonment of service under Section 1102 of the Pennsylvania Public Utility Code:

(1) Authorizing Aqua to sell the water system assets of the Suburbia System, North Coventry, Chester County, Pennsylvania;

(2) Authorizing Aqua to abandon the certificated water service to the public in the Abandoned Territory covered by this Application.

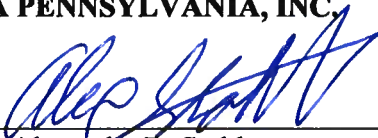
b. Approving the Agreement between Aqua, NCWA, and North Coventry.

c. Issuing such other approvals, certificates, registrations and relief, if any, under the Public Utility Code that may be required with respect to Aqua's sale of the Assets.

Respectfully submitted,

**AQUA PENNSYLVANIA, INC.**

By



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Aqua Pennsylvania, Inc.  
762 W. Lancaster Ave.  
Bryn Mawr, PA 19010  
Tel. No. 610-645-1130  
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*Counsel for Aqua Pennsylvania, Inc.*

Dated: May 28, 2026

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LIST OF EXHIBITS

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<b><u>Description</u></b>	<b><u>Exhibit</u></b>
Map of the Abandoned Territory .....	A
Asset Purchase Agreement .....	B
Aqua 2025 Financial Statements .....	C
Deed of Easement and Right-Of-Way .....	D1
Indenture .....	D2
Aqua Existing Rate Zone 1 Tariff Page.....	E
NCMA Rates, Rules, and Regulations.....	F
Audited Financial Statements of NCMA .....	G
Adopted Budgets of NCMA .....	H
NCMA Certified Operator’s License.....	I
Aqua Public Water Supply Permits .....	J
Aqua Proposed Notice to Customers .....	K

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**Exhibit A**

*Map of the Abandoned Territory*

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**Exhibit B**

*Asset Purchase Agreement*

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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (hereinafter “Agreement”), dated as of the 15th day of August, 2025 (the “Effective Date”), is entered into by and between:

**AQUA PENNSYLVANIA, INC.**, a corporation duly organized under the laws of the Commonwealth of Pennsylvania, with its principal office at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 (hereinafter “Aqua”),

and

**NORTH COVENTRY WATER AUTHORITY** (hereinafter “Buyer” or “NCWA”), a municipal Authority organized under the laws of the Commonwealth of Pennsylvania, with its principal office at 1485 E. Schuylkill Road, Pottstown, PA 19465,

and

**NORTH COVENTRY TOWNSHIP** (hereinafter “NCT”), organized under the Act 69 of 1933 (known as the “Second Class Township Code”), as amended, with its principal office located at 845 South Hanover Street, Pottstown, PA 19465

Each of Aqua, NCWA, and NCT is referred to individually as a “Party” and collectively as the “Parties”.

### RECITALS

**WHEREAS**, Aqua owns and operates a public water supply and distribution system that serves the Suburbia Shopping Center and nearby businesses located along Pottstown Pike a/k/a/ South Hanover Street (S.R. 100), known as the Suburbia Station Water System (as depicted on **Schedule 1.1** hereto, the “Service Territory”), and further identified as Public Water Supply Identification No. 1150547 (hereinafter referred to as the “System”); and

**WHEREAS**, NCT owns a public water distribution system that, with the exception of Aqua’s Service Territory (as defined below), services the domestic water needs of the commercial and residential customers of North Coventry Township; and

**WHEREAS**, NCT created and organized NCWA for the express purpose of operating NCT’s public water distribution system for the benefit of the businesses and residents of North Coventry Township; and

**WHEREAS**, Aqua and NCWA have been in negotiations regarding the future ownership of the System; and

**WHEREAS**, NCWA believes that it is in its best interests to acquire the System if the System can be connected to NCT’s public water distribution system; and

**WHEREAS**, as result of these negotiations, Aqua has agreed to decommission the existing well, disconnect the well and storage tank from the System, and design, permit, and construct a new supply line to connect the System to NCWA’s Water Distribution Supply Main (hereinafter “Tie-in Main” or the “Installation Project”) as illustrated on Aqua’s project plan titled, “Temple Road Project”, plan number A-67252, consisting of fourteen (14) sheets, dated 11/1/2023 and revised 9/12/2024 (hereinafter the “Plans”). The Plans are attached hereto as **Schedule 1.7(a)** and are incorporated into this Agreement by reference; and

**WHEREAS**, Aqua desires to sell, and NCWA desires to purchase, certain assets of Aqua owned and used in connection with the System (as more specifically identified in **Section 1.2** below, and hereinafter referred to as “Assets”), all upon the terms and conditions set forth herein; and

**WHEREAS**, NCT, as the owner of the public water distribution system that NCWA operates, consents to NCWA’s acquisition of the System and authorizes NCWA to execute this Agreement, purchase the System from Aqua and thereby expand the existing NCT public water system that NCWA operates, and approves the location of the fire hydrants depicted in the Plans.

**NOW, THEREFORE**, the Parties hereto, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

**ARTICLE I  
PURCHASE AND SALE OF ASSETS;  
PURCHASE PRICE; CLOSING**

1.0. All introductory clauses above set forth are hereby incorporated into this Agreement.

1.1. Purchase and Sale of Assets.

Subject to the terms and conditions hereinafter set forth, NCWA shall purchase from Aqua, and Aqua shall sell, assign, transfer, grant, convey and deliver to NCWA at Closing (hereinafter defined), the Assets. The Assets are to be sold free and clear of all mortgages, liens, pledges, security interest, charges, claims, restrictions and encumbrances of any nature whatsoever.

1.2. Assets Further Defined. The Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights of Aqua set forth on **Schedule 1.2**, and the following:

(a) The pipes, pipelines, valves, improvements, fixtures, rights-of-way, rights, uses, licenses and easements owned by Aqua and relating to the water distribution (but not production or storage) components of the System;

(b) All information, files, records, data, plans, contracts and recorded knowledge, including customer and supplier lists and property records, related to the foregoing.

(c) The Tie-in Main described in **Section 1.7(a)** below.

(d) Notwithstanding the Assets listed in **Subsection 1.2a.**, above, Aqua shall remove their existing meters from each customer business or residence and replace the meter removed with a meter selected and provided by NCWA at NCWA's sole cost and expense. The meters removed by Aqua shall be Aqua's sole property upon removal.

(e) Easement and right-of-way in, under, over and across Lot 1 as described in and pursuant to that certain Right-Of-Way And Water Facilities Easement Agreement as set forth in Deed Book 7405, Page 750 et seq.

1.3. **Excluded Assets.** Notwithstanding any other provision of this Agreement, the Assets shall not include the following assets:

(a) Water production and storage improvements and assets, including the well, concrete tank, reservoirs, pumps, pump building and contents thereof;

(b) Land, building and improvements situate at Chester County UPI No. 17-7 72.2, known as Lot 2 at Suburbia Center (the "Tank and Well Parcel");

(c) Right-Of-Way And Water Facilities Easement Agreement And Water Grant as set forth in Deed Book 7405, Page 754 et seq.;

(d) Any rights to use or access the Tank and Well Parcel under that certain Right-Of-Way And Water Facilities Easement Agreement as set forth in Deed Book 7405, Page 750 et seq

(e) Boosters and chemical and electrical equipment associated with the storage tank and well;

(f) Account Receivables for water service provided by Aqua prior to the Effective Time of Closing;

(g) Any and all service laterals that run from the curb area (or edge of road) to each of the individual customer's buildings or structures, which laterals will continue to be owned by the customer or, in the case of service laterals at Suburbia Shopping Center, the landlord of the Shopping Center;

(h) All contracts, licenses and leases that are not assigned contracts;

(i) The seals, organizational documents, minute books, Tax Returns, books of account or other records having to do with the organization of Aqua and all employee-related or employee benefit-related assets, files or records regarding any personnel;

(j) Cash and cash equivalents, including accounts receivable attributable to services rendered by Aqua as of or prior to the Closing Date;

(k) All insurance policies of Aqua and all rights to applicable claims and proceeds thereunder;

(l) All rights to any outstanding claim or lien related to non-payment by a System customer existing at or prior to the Closing Date and all actions, suits or claims of any nature available to or being pursued by Aqua, whether arising by way of counterclaim or otherwise;

(m) All assets, real and personal property, and rights owned or used by Aqua other than those which are listed on Schedule 1.2; and

(n) The rights which accrue or will accrue to Aqua under this Agreement and any related agreement, exhibit or schedule.

1.4. Assumed Obligation. NCWA hereby acknowledges that, following the Effective Time of Closing, NCWA shall be responsible for the provision of water service to the former customers of Aqua in the Service Area.

1.5. Customer Notice and Billing.

(a) Customer Notice. Aqua and NCWA will provide notice to the customers as directed by the Pennsylvania Public Utility Commission.

(b) Customer Billing. Within five days prior to the Closing Date, Aqua shall (i) read all meters and (ii) issue final bills for all customer accounts in accordance with its current billing practices. Aqua shall be solely responsible for the collection of payments and/or accounts receivable, including delinquent amounts due on these and any final bills to its customers. Except as set forth below, NCWA shall not be responsible for the payment of and/or collection for any amounts due to Aqua from Aqua's former customers. If NCWA and Aqua agree to a different procedure prior to Closing, upon the next scheduled billing date after the Closing Date and as mutually agreed upon, NCWA shall issue the currently due billings with the billing receipts apportioned between Aqua and NCWA on a prorated basis based on the number of days in the billing cycle each party had ownership of the System. The billing for the next billing cycle and collection will be the sole responsibility of the NCWA. Following the issuance of Aqua's final bill and NCWA's initial bill, NCWA shall thereafter issue bills for all customer accounts on the next scheduled billing date and all future billing dates and shall be solely responsible for the collection of payments and/or its accounts receivable. NCWA and Aqua shall work in good faith to resolve uncollectible amounts for Aqua's final bills and NCWA's initial bills. Aqua and NCWA agree that NCWA shall be entitled to all customer receivables with respect to water customers services provided on or after the Closing Effective Time, and Aqua shall be entitled to all such receivables for service provided prior to the Closing Effective Time.

1.6. Purchase Price.

(a) Purchase Price and Consideration. The aggregate purchase price for the Assets shall include the total cost of the existing facilities and assets listed on **Schedule 1.2** and (a) the design, engineering, permitting (i.e., Highway Occupancy Permits from PennDOT and NCT), and construction and installation of the Tie-in Main and lateral tees to the curb line, and (b) the cost of the Meter Replacement (as defined below) (collectively, the "Purchase Price"); provided, however, that the responsibility and cost to obtain all necessary water meters (the "NCWA Meters") shall be borne solely by NCWA; and

(b) Payment. NCWA will pay the Purchase Price on the Closing Date by delivery of a promissory note to Aqua as payee in the form set forth in **Schedule 1.6.b** for the full amount of the Purchase Price (the "Promissory Note"). The Promissory Note shall be repaid pursuant to a ten (10) year amortization schedule. The interest rate on the Promissory Note shall be reflective of economic conditions prevailing on the Closing Date and shall be in line with broader market conditions and consistent with the interest rate on Aqua debt incurred during the quarter in which the Closing Date occurs so as to provide an appropriate, fair and transparent basis for the interest charges due on the principal amount of the Promissory Note.

1.7 Tie-in Main; Permits; Studies.

(a) The Plans for the Tie-in Main are attached hereto as **Schedule 1.7(a)** (the "Plans"). NCWA acknowledges and agrees that Aqua's contractor, Brubacher, will construct and install the Tie-in Main. Final costs of the Tie-in Main extension project will not be known until the Tie-in Main work is complete which involves, among other steps, design, permitting, construction, quality control, spoils testing and certification, and commissioning. The Parties intend the costs to be all-inclusive of engineering, legal, permitting, construction, regulatory, taxes, and all other soft and hard costs incurred to connect the System to the NCT public water system as depicted in the Plans.

(b) Aqua will manage the construction and track actual costs through commissioning of the Tie-in Main and the Meter Replacement, which will serve as the basis for the Purchase Price that NCWA will owe to Aqua and which shall be paid pursuant to the Promissory Note described above in **Section 1.6.b**.

(c) Aqua will construct and provide quality control observation of the Tie-in Main extension. NCWA may provide concurrent quality control observation at its own cost.

(d) Aqua will commission the new Tie-in Main per AWWA standards for pressure testing and disinfection. Both Aqua and NCWA representatives will oversee such commissioning.

(e) Once available Aqua will provide NCWA with:

- i. Copies of spoils testing and disposal certification records; and
- ii. as-built drawings of the Tie-in Main.

- (f) Aqua will apply for or terminate the following permits:
- i. Well abandonment;
  - ii. Pennsylvania Department of Environmental Protection (PaDEP);
  - iii. Delaware River Basin Commission Water Allocation Permit termination; and
  - iv. PaDEP Public Water Supply Permit termination or transfer to NCWA.

1.8 Public Water Supply Permit. Pursuant to the requirements of PaDEP, Aqua's Public Water Supply Permit shall be rescinded upon the capping and decommissioning of the well and tank. NCWA acknowledges that the Suburbia Shopping Center Public Water Supply ID will be inactivated and assimilated into the NCWA service area.. Upon the request of NCWA, Aqua will provide technical assistance with permit assimilation activities by providing current data, permit documents, and other reasonably requested information.

1.9 Corrosion Control Analysis. Prior to the Closing Date Aqua and NCWA will collaborate on a corrosion control analysis to assess the switch from groundwater to surface water raw water source of water or change in treatment technique for the System's water supply. Aqua will provide water quality data for its system for inclusion in such study. Each party will bear its own costs and expenses incurred pursuant to this **Section 1.9.**

1.10 Fair Consideration. The Parties acknowledge and agree that the consideration provided for in this Agreement represents fair consideration and reasonable equivalent value for the sale and transfer of the 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.

1.11 Transfer Taxes. Any and all deed stamps or realty transfer taxes which may be due to the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Assets to NCWA (collectively, "Transfer Taxes"), shall be borne fifty percent (50%) by Aqua and fifty percent (50%) by NCWA. The terms hereof shall survive Closing.

1.12 Closing. Subject to the provisions of **Articles IV, V and VI** below, the closing of the transactions contemplated by this Agreement (the "**Closing**") will be held at 10:00 a.m. Eastern Standard Time (EST) within sixty (60) days after the receipt of final, unappealed and unappealable, regulatory approvals, including without limitation those described in **Article IV** below. The date of the Closing is referred to herein as the "Closing Date". Closing shall be held at such place as Aqua and NCWA hereto may mutually agree upon in writing (the "**Closing Date**"), at which Closing the documents and instruments referred to in **Articles V and VI** hereof will be delivered by Aqua and NCWA. The Closing will be effective at 12:01 a.m. EST on the day following the Closing Date ("Effective Time"). Upon Closing NCWA shall take possession of the Assets from Aqua and assume the obligation to provide water service to the customers in the Service Territory.

**ARTICLE II**  
**REPRESENTATIONS AND**  
**WARRANTIES OF AQUA**

Aqua represents and warrants to NCWA that the statements contained in this **Article II** (the “Aqua Representations”) are true and correct as of the date hereof and as of the Closing Date:

2.1. Organization of Aqua. Aqua is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified to transact business as a domestic corporation and is in good standing in every jurisdiction in which the conduct of its business requires it to be so qualified.

2.2. Authority of Aqua. Aqua has full corporate power and authority to enter into this Agreement, all exhibits and schedules hereto, and all agreements contemplated herein (this Agreement and all such exhibits, schedules, and other agreements being collectively referred to hereby as the “**Acquisition Documents**”), to perform its obligations hereunder and thereunder, to transfer the Assets, and to carry out the transactions contemplated hereby and thereby. The Board of Directors of Aqua has taken, or will take before the Closing Date, all actions required by law, its Certificate of Incorporation, its Bylaws or otherwise to authorize (i) the execution and delivery of this Agreement and the other Acquisition Documents, and (ii) the performance of its obligations hereunder and thereunder

2.3. Title to and Sufficiency of Assets. Aqua owns and has good and marketable title to the Assets. Subject to the construction, installation and commissioning of the Tie-in Main, the Assets (i) constitute all the rights, property, and assets necessary and sufficient for the continued operation of the System after the Closing, and (ii) there are no material assets, assets, properties, or rights used in, held for use, or relied upon for the operation of the System other than the Assets.

2.4. Intentionally omitted.

2.5. Intentionally omitted.

2.6. No Violation. To the best of of its knowledge, the execution and delivery of this Agreement by Aqua, the consummation of the transactions contemplated hereby and the performance by Aqua 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 Aqua under (i) any applicable Law or (ii) any agreement, instrument or document to which Aqua is a party or by which it is bound.

2.7. Consents and Approvals of Governmental Authorities. Any Governmental Authority whose consent or approval is required in connection with the execution and delivery of this Agreement by Aqua or the performance by Aqua of its obligations hereunder is listed on **Schedule 2.7.**

2.8. Financial Information. Aqua has delivered to NCWA customer account information for three years of billing records for the System.

2.9. Environmental Matters.

a. For purposes of this section, “**Hazardous Substance**” means (i) a “hazardous substance” as defined in 42 U.S.C. § 9601(14), as amended from time to time, and all rules, regulations, and orders promulgated thereunder as in effect from time to time, (ii) “hazardous waste” as defined in 42 U.S.C. § 6903(5), as amended from time to time, and all rules, regulations, and orders promulgated thereunder as in effect from time to time, (iii) if not included in (i) or (ii) above, “hazardous waste constituents” as defined in 40 CFR 260.10, specifically including Appendix VII and VIII of subpart D of 40 CFR part 261, as amended from time to time, and all rules, regulations, and orders promulgated thereunder as in effect from time to time, and (iv) “sources,” “special nuclear,” or “by product material” as defined in 42 U.S.C. § 2011 et seq., as amended from time to time, and all rules, regulations, and orders promulgated thereunder as in effect from time to time. Further, “**Requirements of Law**” shall mean all applicable federal, state, local, or foreign laws, statutes, ordinances, rules, regulations, or court or administrative orders or processes, or arbitrator’s orders or processes;

b. Aqua has not received notice of any violations of Requirements of Law applicable to the Real Property. Aqua has not received notice that its operation of the System has resulted in a violation of any Requirements of Law relating to air, soil, water, or noise pollution, or the production, storage, processing, utilization, labeling, transportation, disposal, emission, or other disposition of Hazardous Substances.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF NCWA**

NCWA hereby represents and warrants to Aqua that the statements contained in this **Article III** are true and correct as of the date hereof and as of the Closing Date:

3.1. Organization of NCWA. NCWA is on the date hereof, and will be on the Closing Date, a duly organized municipal authority, corporate and politic, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

3.2. Authority of NCWA NCWA has full corporate power and authority to enter into this Agreement and the other Acquisition Documents to which it is or will be a party, to perform its obligations hereunder and thereunder, and to carry out the transactions contemplated hereby and thereby. The Board of Directors of NCWA has taken, or will take before the Closing Date, all actions required by law, its Certificate of Incorporation, its Bylaws or otherwise to authorize (i) the execution and delivery of this Agreement and the other Acquisition Documents and (ii) the performance of its obligations hereunder and thereunder. This Agreement has been duly executed and delivered by NCWA and, upon the execution and delivery of the remaining Acquisition Documents by a duly authorized officer of NCWA, the remaining Acquisition Documents will have been duly executed and delivered by NCWA, and this Agreement is, and such other Acquisition Documents will be, upon due execution and delivery thereof, the legal, valid, and binding obligations of NCWA, enforceable according to their terms (A) as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws now or hereafter in effect relating to creditors’ rights, and (B) that the remedy of specific enforcement and injunctive

and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

3.3. No Violation. None of (i) the execution and delivery of this Agreement or any other Acquisition Document by NCWA, (ii) the performance by NCWA of its obligations hereunder or thereunder, or (iii) the consummation of the transactions contemplated hereby or thereby will (A) violate any provision of the Certificate of Incorporation or Bylaws of NCWA, (B) violate, or be in conflict with, or permit the termination of, or constitute a default under or breach of, or cause the acceleration of the maturity of, any contract, debt, or other obligation of NCWA, which violation, conflict, default, breach, termination, acceleration, either individually or in the aggregate with all other such violations, conflicts, defaults, breaches, terminations, and accelerations, would have a material adverse effect on the business, assets, or financial condition of NCWA, (C) except as set forth in Schedule 3.3 hereof, require the consent of any other party to, or result in the creation or imposition of any Lien upon any property or assets of NCWA under any agreement or commitment to which NCWA is a party or by which NCWA is bound, or (D) to the knowledge of NCWA, violate any statute of law or any judgment, decree, order, regulation, or rule of any Governmental Authority to which NCWA is subject.

3.4. Litigation. There is no action pending or, to the knowledge of NCWA, threatened against NCWA, or any properties or rights of NCWA, that questions or challenges the validity of this Agreement or any of the other Acquisition Documents, nor any action taken or to be taken by NCWA pursuant hereto or thereby and NCWA does not know of any such action, proceeding, or investigation that may be asserted.

3.5. Disclosure. No representation or warranty by NCWA in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein not misleading.

3.6. Fire Hydrants. The NCT Fire Marshall has approved the locations of all new fire hydrants as depicted in the Plans.

#### **ARTICLE IV OBLIGATIONS OF THE PARTIES**

Aqua hereby covenants and agrees with NCWA and NCWA hereby covenants and agrees with Aqua that:

4.1. Replacement of Customer Meters. Following Closing Aqua, at NCWA's cost and expense, shall remove Aqua's meters from each customer location and install the NCWA Meters in lieu thereof (the "Meter Replacement").

4.2. Consent of NCT. Before the Closing Date, NCT will adopt and pass a resolution consenting to the acquisition and purchase of the System by NCWA from Aqua.

4.3. Conduct Before Closing Date. Before the Closing Date, except as otherwise contemplated by this Agreement or as permitted by the prior written consent of NCWA, but without making any commitment on NCWA's behalf, Aqua shall:

- (a) continue to operation the System in the ordinary course at levels consistent with past practice;
- (b) maintain all of the System Assets consistent with past practices;
- (c) perform its obligations for the System under all agreements binding upon it and maintain all of its Licenses in good standing;
- (d) continue in effect the Insurance Policies (or similar coverage);
- (e) before the Closing Date, consult with NCWA from time to time with respect to the operation of the System; and
- (f) continue all capital expenditure programs in progress on the System before the Closing Date.

#### 4.4. Prohibited Transactions Before Closing Date.

Before the Closing Date, except as otherwise contemplated by this Agreement or permitted by the prior written consent of NCWA, Aqua shall not:

- (a) enter into any compromise or settlement of any litigation, proceedings, or governmental investigation relating to the Assets; or
- (b) directly or indirectly, in any way, contract, initiate, enter into, or conduct any discussions or negotiations, or enter into any agreements, whether written or oral, with any person or entity with respect to this sale of Assets.

4.5. Further Assurances. Before and after the Closing, Aqua and NCWA shall execute and deliver such instruments and take such other actions as any other party may reasonably request for the purpose of carrying out the intent of this Agreement and the other Acquisition Documents. Each party shall use commercially reasonable efforts to cause the transactions contemplated by this Agreement and the other Acquisition Documents to be consummated, and, without limiting the generality of the foregoing, to obtain all consents and authorizations of government agencies and third parties and to make all filings with and give all notices to government agencies and third parties that may be necessary or reasonably required to effect the transactions contemplated by this Agreement and the other Acquisition Documents. Aqua and NCWA shall deliver to the other, appropriate evidence of the approval of its Board of Directors of this Agreement, the other Acquisition Documents and the transactions contemplated hereby and thereby.

#### 4.6 Pennsylvania Public Utility Commission (PaPUC) Approval.

- (a) Aqua agrees to obtain from the PaPUC the issuance of certificate of public convenience to abandon providing water service to the System under terms and conditions that are reasonably acceptable NCT and NCWA. NCT and NCWA, at their own costs, shall cooperate with and assist Aqua in proceedings before the PaPUC.

(b) To the extent requested by Aqua, NCT and NCWA agree to participate in any proceedings before the PaPUC as an intervenor and active party. NCT and NCWA shall have the right to be represented by the counsel of their choice in any such proceedings.

(c) Aqua will provide a notice to the System's customers of the sale of the Assets and change in water supplier. NCWA may review the notice prior to circulating to the customers.

(d) Upon Closing on the sale of the System Assets, NCWA will be responsible for any impacts to the fire suppression systems serving existing properties as a result of the supply, flow, and pressure from its system. NCWA will perform hydraulic modeling to ascertain any expected impacts from the Tie-in Main extension under this Agreement.

## **ARTICLE V CONDITIONS TO NCWA'S OBLIGATIONS**

The obligation of NCWA under this Agreement to consummate the Closing on the Closing Date shall be subject to the satisfaction on or before the Closing Date, of each of the following conditions:

5.1. Representations and Warranties. The representations and warranties of Aqua contained herein, in the other Acquisition Documents (including, without limitation, all schedules and exhibits thereto), and in all certificates and documents delivered by Aqua shall be true and accurate as of the Closing Date, except for changes permitted or contemplated by this Agreement.

5.2. No Material Changes.

(a) No portion of the Assets shall, after the Effective Date and before the Closing Date, be materially damaged, destroyed, or taken by condemnation, whether or not by any Insurance Policy.

(b) No material adverse change in the Assets shall have occurred after after the Effective Date and be continuing.

5.3. Performance. Aqua shall have performed and complied in all material respects with all agreements, obligations, and conditions required by this Agreement or other Acquisition Documents to be performed or complied with them on or before the Closing Date.

5.4. Consents. All filings with and consents from government agencies and third parties required to consummate the transactions contemplated hereby and by the other Acquisition Documents shall have been made or obtained, except to the extent that making any such filing or obtaining any such consent has been waived in writing by NCWA or the failure to obtain any such consent or make any such filing would not have a material adverse effect on the Assets, properties, operations, business, or condition, financial or otherwise, of Aqua or the transactions contemplated hereby or by the other Acquisition Documents.

5.5. Aqua Consents. Aqua shall have delivered, or caused to be delivered to NCWA, the following documents:

(a) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Aqua certifying (i) the names and signatures of the officers of Aqua who are authorized to sign this Agreement and the Acquisition Documents and the other documents to be delivered hereunder and thereunder, (ii) that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Aqua authorizing the execution, delivery, and performance of this Agreement and the other Acquisition Documents and the consummation of the transactions contemplated hereby and thereby, and (iii) that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(b) a certificate, dated and duly executed as of the Closing Date on behalf of Aqua by a duly authorized officer of Aqua (in such person's capacity as such and not individually), that each of the representations set forth in **Article II** have been satisfied; and

(c) such other documents, instruments, or certificates as shall be reasonably required to complete the conveyance of the Assets to NCWA.

5.6. Bill of Sale. Aqua shall have furnished a bill of sale duly executed by Aqua, transferring the tangible personal property included in the Assets to NCWA.

5.7. Partial Assignment and Assumption of Easements. Aqua shall have furnished an assignment and assumption of easement executed by Aqua, effecting the assignment to and assumption by NCWA of the right of way listed on Schedule 1.2.

5.8. FIRPTA. Aqua shall have furnished a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that Aqua is not a foreign person within the meaning of section 1445 of the Code duly executed by Aqua.

## **ARTICLE VI CONDITIONS TO AQUA'S OBLIGATIONS**

The obligation of Aqua under this Agreement to consummate the Closing on the Closing Date shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions.

6.1. Representations and Warranties. The representations and warranties of NCWA contained herein, in the other Acquisition Documents (including, without limitation, all schedules and exhibits thereto), and in all certificates and documents delivered by NCWA, shall be true and accurate as of the Closing Date, except for changes permitted or contemplated by this Agreement.

6.2. Performance. NCWA shall have performed and complied in all material respects with all agreements, obligations, and conditions required by this Agreement to be performed or

complied with by it on or before the Closing Date. In addition, NCWA shall, at its cost, perform the following:

(a) Obtain a New PWS Permit: The PaDEP may decline to transfer Aqua's Public Water Supply Permit Number 1150547 to NCWA with the change in the assets and system classification proposed in this Agreement. Should that occur and NCWA be required to file a new permit, Aqua agrees to provide NCWA with technical assistance in determining if the modified system will remain a Non-Community Non-Transient system or become included with in the NCWA Tie-in Main permit. Aqua will provide in technical assistance and procurement activities such as conducting required work for source water change, supplying current data, permit documents, and other requested information.

(b) Conduct the Corrosion Control Analysis pursuant to **Section 1.9**.

6.3. **Consents**. All filings with and consents from government agencies required to consummate the transactions contemplated hereby shall have been made or obtained unless the failure to obtain any such consent or make any such filing would not have an adverse effect on the assets, properties, operations, business, or conditions, financial or otherwise, of Aqua or the transactions contemplated hereby or by any other Acquisition Document.

6.4. **Closing Documents**. NCWA shall have delivered or caused to be delivered to Aqua the following documents and instruments:

(a) The Promissory Note as provided in **Section 1.6(b)**.

(b) Certificates of the Secretary or an Assistant Secretary (or equivalent officer) of each of NCWA and NCT certifying (i) all respective proceedings of NCWA and NCT whereby the transaction hereby contemplated were duly authorized, including signed and certified copies of: (a) the minutes of meetings whereby this Agreement and the transaction hereby contemplated are duly authorized, and (b) appropriate resolutions and other document(s) authorizing the transactions hereby contemplated and the execution of the documents necessary for Closing, as Aqua reasonably shall require; and (ii) that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(c) A certificate, dated and duly executed as of the Closing Date on behalf of NCWA by a duly authorized officer of NCWA (in such person's capacity as such and not individually), that each of the conditions set forth above have been satisfied.

(d) The consents and approvals listed on **Schedule 3.3**.

(e) Such other documents, instruments, or certificates as shall be reasonably requested by Aqua, including those referenced in **Sections 4.2 and 6.4(b)** above.

## **ARTICLE VII INDEMNIFICATION**

7.1. NCWA acknowledges that, following the Effective Time of Closing, NCWA shall be responsible for the provision of water service to the customers of Aqua. Other than the future provision of water service, NCWA does not and shall not assume or incur any liability or obligation of Aqua that accrued prior to Closing but which was unperformed as of the Closing Date, and Aqua shall reimburse, indemnify and hold harmless NCWA and its officers, employees and agents from and against all such liabilities and obligations of Aqua that accrued but were unperformed as of the Effective Time of Closing. NCWA shall reimburse, indemnify and hold harmless Aqua and its officers, employees and agents from from and against any and all liabilities, obligations, claims, actions, judgments and fines arising from or related to the Assets or to the provision of water service in the Requested Service Territory to the extent such liabilities, obligations, claims, actions, judgments and fines accrued or involve activities or events that occurred or originated after the Effective Time of Closing.

## **ARTICLE VIII COVENANTS AND ACKNOWLEDGEMENTS**

8.1. Upon Closing on the sale of the Assets, NCWA will be responsible for any impacts to the fire suppression systems serving existing properties as a result of the supply, flow, and pressure from its system.

8.2. Approval of PaPUC. NCWA, NCT and Aqua understand that the approval of this transaction is subject to the review and approval by the PaPUC. As such, NCT and NCWA agree to complete any assignment and assumption of this Agreement pursuant to Section 9.4 below prior to Aqua's filing of the application to the PUC pursuant to Section 4.6 above.

8.3. NCWA acknowledges that it is experienced and sophisticated in the acquisition, development, management, leasing, ownership and operation of commercial real estate projects such as the Property and that, prior to the Effective Date, it has had a full and complete opportunity to conduct such investigations, examinations, inspections and analyses of the Property as NCWA, in its absolute discretion, deemed appropriate. NCWA further acknowledges that, except for the Aqua Representations, NCWA has not relied upon any statements, representations or warranties by Aqua or any agent of Aqua. Without limiting the foregoing, NCWA acknowledges and agrees that: (1) any environmental, physical condition or other reports provided to NCWA by Aqua or its agents are provided without any representation or warranty of any kind, express or implied, as to the completeness or accuracy of the facts, presumptions, conclusions or other matters contained therein; (2) NCWA shall rely solely on its own investigations and on reports prepared by any consultants engaged by NCWA and not on any environmental, physical condition or other reports provided to NCWA by Aqua or its agents. The provisions of this **Section 8.3** shall survive the closing without limitation.

8.4. NCWA EXPRESSLY WAIVES ANY CLAIMS AND CAUSES OF ACTION AND ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE, IN EACH CASE RELATING TO THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY FINANCIAL PROJECTION

OR FORECAST RELATING TO THE BUSINESS OR PROSPECTS OF BUSINESS REPRESENTED BY THE ASSETS. NCWA ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO INSPECT THE ASSETS INCLUDING THE PHYSICAL CONDITION OF THE ASSETS AND THAT EXCEPT TO THE EXTENT OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT IT IS RELYING UPON ITS OWN INVESTIGATION AND ACQUIRING THE ASSETS "AS IS". NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE PROVISIONS OF THIS **SECTION 8.4** SHALL SURVIVE THE CLOSING WITHOUT LIMITATION.

8.5. Except for the Aqua Representations, NCWA agrees that Aqua is not making any representation or warranty on behalf of Aqua of any kind or nature whatsoever, oral or written, express or implied (including but not limited to, any relating to financial condition, results of operations, assets or liabilities of Aqua or future prospects), and disclaims any such other representations and warranties. The Property shall be sold and that NCWA shall accept possession of the Property on the Closing Date strictly on an "**AS IS, WHERE IS**" AND "**WITH ALL FAULTS, LIABILITIES, AND DEFECTS, LATENT OR OTHERWISE, KNOWN OR UNKNOWN**" basis, with no right of set-off or reduction in the Purchase Price, and that, except for the Aqua Representations, such sale shall be without representation or warranty of any kind, express or implied, including any warranty of income potential, financial condition, assets, liabilities, real and personal property, projected capital needs and operations, operating expenses, conformance of any financial information to generally accepted accounting principles, uses, merchantability or fitness for a particular purpose, and Aqua does hereby disclaim and renounce any such representation or warranty. Notwithstanding anything to the contrary in this Agreement, the provisions of this **Section 8.5** shall survive the Closing or termination of this Agreement without limitation.

8.6. Decommissioning of Excluded Assets. NCWA and Aqua acknowledge and agree that Aqua shall sever the following Excluded Assets from the System, as follows:

(a) Tank. Aqua shall complete severance of the concrete water storage tank from the System within sixty (60) days of commissioning the Tie-in Main.

(b) Pump Station and Contents. Aqua shall complete severance of the pump discharge lines within sixty (60) days of commissioning the Tie-in Main. Aqua agrees not to operate the pump station thereafter.

(c) Well and Pump System. Aqua will be responsible for the severance of the well system within 60 days of commissioning the Tie-in Main. Aqua agrees not to operate the well system after commencement of use of the Tie-in Main.

(d) After decommissioning, Aqua, in Aqua's sole discretion, shall determine when demolition or removal of the above Excluded Assets will occur.

8.7. Excluded Real Property. NCWA and NCT acknowledge and agree that Aqua shall retain ownership of (i) the Tank and Well Parcel, and (ii) all easements rights and interests allowing ingress, egress and regress to and from the Tank and Well Parcel across Suburbia Center to Route 100.

**ARTICLE IX  
MISCELLANEOUS**

9.1. Amendment and Waiver. Subject to the applicable law, this Agreement may be amended, modified, and supplemented only by written agreement signed by all Parties. Any failure by any Party to this Agreement to comply with any obligation, covenant, agreement, or condition contained herein may be expressly waived in writing by the other Parties hereto, but such waiver of, or estoppel with respect to such particular failure shall not be deemed to be and will not be a waiver of any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any Party hereto, such consent shall be given in a manner consistent with the requirements for a waiver of compliance as set forth in this section.

9.2. Fees and Expenses. Except as otherwise provided herein, each of Aqua and NCWA hereto will pay its own fees and expenses (including attorneys' and accountants' fees, legal costs, and expenses) incurred in connection with this Agreement, the other Acquisition Documents, and the consummation of the transactions contemplated hereby and thereby.

9.3. Notices. All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered by hand, overnight courier, or mailed certified or registered mail with postage prepaid as follows:

- |     |                 |   |
|-----|-----------------|---|
| (a) | If to NCWA:     | North Coventry Water Authority<br>1485 E. Schuylkill Road<br>Pottstown, PA 19465<br>Attn: John Cooney                                     |
|     | With a Copy to: | Gregory W. Philips, Esquire<br>Yergey Daylor Allebach Scheffey Picardi<br>P.O. Box 776<br>Pottstown, PA 19464-0776<br>gwphilips@ydasp.com |
| (b) | If to Aqua:     | Aqua Pennsylvania, Inc.<br>762 W. Lancaster Avenue<br>Bryn Mawr, PA 19010<br>Attn: Todd Duerr, Vice President of<br>Operation             |
|     | With a Copy to: | Aqua Pennsylvania, Inc.<br>762 W. Lancaster Avenue<br>Bryn Mawr, PA 19010<br>Attn: General Counsel  |

And to:

Reger Rizzo & Danrall LLP  
2929 Arch St., 13<sup>th</sup> Floor  
Philadelphia, PA 19104  
Attn.: Stephen McConnell, Esq.

9.4. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of Aqua and NCWA hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of Aqua and NCWA hereto without the prior written consent of all the other Parties.

9.5. Governing Law; Jurisdiction. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of laws thereof). The Parties hereto 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 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 TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

9.6. Specific Performance. Aqua and NCWA agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof or were otherwise breached. It is accordingly agreed that Aqua and NCWA shall be entitled to seek equitable relief, including, without limitation, injunctions (without the payment or posting of any bond) in connection with any breach or threatened breach of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States or any state having jurisdiction, including, without limitation, to enforce the obligations of each of

NCWA and Aqua to consummate the Closing. This paragraph shall not be construed as an election of any remedy, or as a waiver of any right available to Aqua and NCWA under this Agreement or the law, including, without limitation, the right to seek damages from the breaching party for a breach of any provision of this Agreement, nor shall this paragraph be construed to limit the rights or remedies available under applicable law for any violation of any provision of this Agreement.

9.7. 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, neither 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 the 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.

9.8. Public Announcements. Subject to applicable Law or listing rules of an exchange on which Aqua's parent corporation's stock is listed, and except as otherwise set forth herein, the initial public announcement relating to the transactions contemplated herein will be mutually agreed upon and jointly made by the Parties.

9.9. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall be effective when it has been executed by each Party and delivered to all of the Parties.

9.10. Headings. The headings contained in this Agreement are inserted for convenience only and shall not constitute a part hereof.

9.11. Entire Agreement. This Agreement, including the Disclosure Schedules, the exhibits hereto, and other documents referred to herein that form a part hereof, embody the entire agreement and understandings of the Parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings between the Parties with respect to such subject matter, including, by way of illustration and not by limitation, any term sheet agreed to by the Parties hereto prior to the date hereof. There are no restrictions, promises, warranties, covenants, or undertakings other than those expressly set forth or referred to herein.

9.12. THIS AGREEMENT SHALL NOT BE BINDING ON AQUA UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF AQUA. THIS AGREEMENT SHALL NOT BE BINDING ON NCWA UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF NCWA.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on the day and year first above stated.

**Aqua Pennsylvania, Inc.**

By: Todd Duerr  
Name: Todd M. Duerr  
Title: Vice President of Operation

**North Coventry Water Authority**

By: Dennis Bittelmann  
Name: Dennis Bittelmann  
Title: Chairman, NCA

**North Coventry Township**

By: Jim Marks  
Name: Jim Marks  
Title: Chairman, Board of Supervisors

**SCHEDULE 1.1 – MAP OF SERVICE TERRITORY**



**SCHEDULE 1.2**  
**Assets**

I. DISTRIBUTION SYSTEM:

Asset	UOM	Qty	Comment
Fire Hydrants	EA	12	
Water Pipe	LF – 6”	194’	Includes valves
	LF - 8”	1620’	
	LF – 12”	2800’	
Fire Service Line	EA	10	

II. **REAL ESTATE:**

Partial Assignment of right-of-way and water facilities easement agreement as set forth in Deed Book 7405, Page 750 et seq. (assignment of easement across Lot 1 only); and

III. The Tie-In Main and ancillary facilities depicted in the Plans and described in **Section 1.7** of the Agreement and attached as **Schedule 1.7(a)**.

**SCHEDULE 1.6.b.**  
**Form of Promissory Note**  
(Begins on following page)

# PROMISSORY NOTE

[\$NUMBER]

[DATE]

[CITY/TOWN], [STATE]

**FOR VALUE RECEIVED**, in connection with the Assets conveyed to it pursuant to that certain Asset Purchase Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ (the Asset Purchase Agreement”), **NORTH COVENTRY WATER AUTHORITY**, a municipal authority organized under the laws of the Commonwealth of Pennsylvania, as maker, having an address at 1485 E. Schuylkill Road, Pottstown, Pennsylvania 19465 (together with its successors and permitted assigns, the "**Debtor**"), hereby UNCONDITIONALLY PROMISES TO PAY in lawful money of the United States of America and in immediately available funds, TO THE ORDER OF **AQUA PENNSYLVANIA, INC.**, a corporation organized under the laws of the Commonwealth of Pennsylvania (together with its successors and assigns, the "**Holder**"), as payee, at Holder's address at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania 19010, or at such other place as Holder may from time to time designate in writing, the principal sum of [NUMBER IN WORDS] AND [[NUMBER]/No]/100 DOLLARS (\$[NUMBER]) together with all accrued interest thereon (the "**Loan**") as provided in and as evidenced by this Promissory Note (the "**Note**") and all other amounts due and payable under this Note, as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with their terms.

## ARTICLE I- GENERAL TERMS

**Section 1.01** The Loan and Debtor’s obligation to pay the Loan is evidenced by this Note. Holder shall be entitled to all rights, remedies, and benefits available at law to enforce the covenants and agreements in this Note as fully set forth herein.

**Section 1.02 Negotiable Instrument.** Debtor agrees that this Note is a negotiable instrument, even though this Note, absent this paragraph, may not otherwise qualify as a negotiable instrument under Pennsylvania law.

**Section 1.03 Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Asset Purchase Agreement.**

## ARTICLE II LOAN ADVANCE AND REPAYMENT

**Section 2.01 Single Advance.** The full amount of the Loan is made as of the date first set forth above, and Debtor does not have the right to request additional advances. The Loan shall be evidenced by this Note made by Debtor to the order of Holder which shall bear interest and be paid upon the terms and conditions set forth herein and reflected in the amortization schedule attached hereto as Schedule 2.01.

(a) **No Adjustments.** All payments made by Debtor hereunder shall be made free and clear of, and without reduction for, or on account of, any income, stamp, or other taxes, levies, imposts, duties, charges, fees, deductions, or withholding imposed, levied, collected, withheld, or assessed by any government or taxing authority. If any such amounts are required to be withheld from amounts payable to Holder, the amounts payable to Holder hereunder shall be increased by such amounts. If any such amounts are payable by Debtor, Debtor shall pay all such amounts by their due date and promptly send Holder a copy of an original official receipt showing payment thereof. Debtor shall indemnify Holder for any taxes, interest, or penalties that may become payable by Holder as a result of any such failure by Debtor to pay such amounts as they become due.

## **Section 2.02 Loan Payments.**

(a) **Payment at Closing.** On the Closing Date Debtor shall make its first annual payment in the amount of \$ [REDACTED]. Thereafter, Debtor shall pay annually in accordance with **Schedule 2.01.**

(b) **Annual Debt Service.** On every 10<sup>TH</sup> day of January (an "**Annual Payment Date**") during the term of this Note commencing on [DATE], Debtor shall pay to Holder in immediately available funds principal and interest payments in the amount of \$ [REDACTED].

(c) **Maturity Date.** On [DATE] (the "**Maturity Date**") subject, however, to Holder's right to accelerate the Loan after an Event of Default, Debtor shall pay the outstanding principal balance of the Loan, together with all accrued and unpaid interest thereon and all other unpaid amounts due under this Note and the other associated documents which shall become immediately due and payable in full *time being of the essence.*

## **Section 2.03 Payments Generally.**

(a) **Delivery of Payment.** All payments due to Holder under this Note are to be paid to Holder at the address set forth above, or at such other place as Holder may designate in writing from time to time. All amounts due under this Note shall be paid in immediately available funds without setoff, counterclaim, or any other deduction whatsoever.

(b) **Credit for Payments.** All payments of interest, principal, and all other sums due hereunder shall be made in lawful money of the United States of America no later than 11:59 p.m. Eastern Time on the date on which such payment is due by check or by wire transfer of immediately available funds to Holder's account at the address designated by Holder in writing to Debtor from time to time. Whenever any payment shall be due on a Saturday, Sunday or national legal holiday (see 5 U.S.C. 6103), such payment shall be due on the next succeeding business day and such extension will be taken into account in calculating the amount of interest payable under this Note.

(c) **Invalidated Payments.** If any payment received by Holder is deemed by a court of competent jurisdiction to be a voidable preference or a fraudulent conveyance under any bankruptcy, insolvency, or other debtor relief law, and is required to be returned by Holder, then the obligation to make such payment shall be reinstated, and such payment shall be immediately due and payable upon demand notwithstanding that the Note may have been marked satisfied and returned to Debtor or otherwise canceled.

(d) **Late Charges.** If any payment or sum due under this Note is not paid in full on or before the due date, Holder may charge Debtor an amount equal to five percent (5%) of the overdue amount (the "**Late Charges**") which shall be paid by Debtor to Holder on demand, together with interest from the date such payment or part thereof was due, at the Default Interest Rate. Late Charges are to defray the expenses incurred in connection with handling and processing and the loss of use of such funds, which expenses would be impracticable to quantify. Debtor acknowledges that the Late Charges are a reasonable estimate of such expenses. Nothing herein or in the imposition or acceptance of Late Charges by Holder shall be construed as a waiver of any rights of Holder arising out of any default of Debtor; the right to collect any Late Charges or default interest is separate and apart from any rights or remedies of Holder relating to any default by Debtor.

(e) **Default Interest Rate.** The term "Default Interest Rate" shall mean the lesser of (A) the greater of (i) fifteen percent (15%) per annum or (ii) the Prime Rate in effect from time to time plus two percent (2%), or (B) the maximum amount or rate that Holder may lawfully charge Debtor in the circumstances if such a maximum exists

**Section 2.04 Usury Savings Clause.** At no time is Debtor required to pay interest on the Loan or on any other payment due under the Loan at a rate which would subject Holder either to civil or criminal liability as a result of being in excess of the maximum interest rate permitted by law.

## ARTICLE III

### EVENTS OF DEFAULTS AND REMEDIES

**Section 3.01 Events of Default.** Debtor's failure to timely pay any amount or perform an obligation when due under this Note shall constitute an event of default ("**Event of Default**") under this Note.

**Section 3.02 Remedies.** Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default, the Holder may at its option, by written notice to the Debtor (a) declare the entire principal amount of the Loan, together with all accrued interest thereon and all other amounts payable under this Note, immediately due and payable and/or (b) exercise any or all of its rights, powers, or remedies under applicable law; *provided, however* that, if an Event of Default described in Section 3.01 shall occur, the

principal of and accrued interest on the Loan shall become immediately due and payable without any notice, declaration, or other act on the part of the Holder.

(a) **Remedies Cumulative**. The rights and remedies available to Holder shall be cumulative and may be exercised independently, concurrently, or successively in Holder's sole discretion on one or more occasions, as applicable.

(b) **Partial Exercise**. No partial exercise by Holder of any right or remedy exercised pursuant to this Note shall preclude further exercise of such remedy or the exercise of any other remedy available to Holder in contract, law, or in equity.

(c) **Notice and Demand Waived**. Notice or demand given to Debtor in any instance shall not entitle Debtor to notice or demand in a similar or subsequent instance nor shall any such notice constitute a waiver by Holder of its rights to take any further action without notice or demand.

(d) **No Prejudice to Holder's Rights**. Holder may release security for the Loan, may release any party liable for the Loan, may grant extensions or forbearances with respect thereto, and may apply any security held to repayment of the Loan, in each case, without prejudice to Holder's rights under this Note. Holder shall not be deemed as a consequence of its delay or failure to act, or by granting any releases, extensions, forbearances, or by applying any security to the balance due, to have waived or be estopped from exercising any rights and remedies Holder may have under the Note or at law or in equity.

#### **ARTICLE IV FULL RECOURSE LOAN**

**Section 4.01 Full Recourse Liability.** Upon the occurrence of any event described in this Section 4.01, this Note shall be FULL RECOURSE to Debtor who shall be liable for payment of the Loan and performance of all obligations under this Note.

(a) **Property as Asset in Voluntary Bankruptcy**. The Assets identified in the Assets Purchase Agreement, including the Real Property or any part thereof, become an asset in a voluntary bankruptcy, liquidation, insolvency, or similar proceeding.

(b) **Voluntary Bankruptcy of Debtor**. Debtor commences a bankruptcy, liquidation, insolvency, or similar proceeding affecting Debtor.

(c) **Involuntary Bankruptcy**. An involuntary bankruptcy or other insolvency proceeding is commenced against Debtor.

(d) **Collusion or Solicitation for Bankruptcy Protection**. Debtor or its agent:

(i) Acts in concert with, colludes, or conspires with each other or any other party to cause the filing of any bankruptcy or other insolvency proceeding affecting the Assets; or

(ii) Solicits or causes the solicitation of an involuntary bankruptcy or insolvency petition against Debtor.

(e) **Acquiescence or Consent to Bankruptcy.** Debtor consents to, acquiesces in, or joins in:

(i) Any involuntary bankruptcy, liquidation, insolvency, or similar proceeding filed against it; or

(ii) Any application for the appointment of a custodian, receiver, trustee, or examiner for Debtor or the Assets.

(f) **Assignment for the Benefit of Creditors.** Debtor makes an assignment for the benefit of creditors or admits in writing that it is insolvent or unable to pay its debts as they become due.

(g) **Impermissible Transfer.** Debtor fails to obtain Holder's prior written consent to any transfer of the Assets.

**Section 4.02 No Waiver; No Impairment.** Notwithstanding anything to the contrary in this Note, the provisions of this Article 4 shall not: (a) constitute a waiver, release, or impairment of any obligation evidenced or secured by this Note; (b) impair the rights of Holder to name Debtor as a party defendant in any action or suit for foreclosure and sale of the underlying assets as set forth in the Assets Purchase Agreement; (c) affect the validity or enforceability of any of this Note or any guaranty made in connection with this Note or any of the rights and remedies of Holder thereunder; (d) impair the right of Holder to obtain the appointment of a receiver; or (e) constitute a prohibition against Holder to commence any other appropriate action or proceeding in order for Holder to fully realize the security granted by the this Note or the Asset Purchase Agreement, including, without limitation, exercising any right which Holder may have under Section 506(a), 506(b), 1111(b), or any other provisions of the Bankruptcy Code to file a claim against Debtor for the full amount of the Debt secured by this Note to require that all collateral continue to secure the Debt in accordance with this Note.

## **ARTICLE V MISCELLANEOUS**

**Section 5.01 Governing Law.** This Note and any claim, controversy, dispute or cause of action (whether in contract, equity, tort or otherwise) based upon, arising out of or relating to this Note and the transactions contemplated hereby shall be governed by the laws of the

Commonwealth of Pennsylvania without giving effect to its principles of choice of law or conflicts of law.

**Section 5.02 Waivers.** Debtor hereby waives presentment, demand for payment, protest, notice of dishonor, notice of protest or nonpayment, notice of intent to accelerate, notice of acceleration of maturity, in connection with the enforcement of this Note or the taking of any action to collect sums owing hereunder.

**Section 5.03 Severability.** If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

**Section 5.04 Time of Essence.** Time shall be of the essence with respect to all of Debtor's obligations under this Note.

**Section 5.05 Use of Funds.** Debtor hereby warrants, represents, and covenants that all funds disbursed hereunder are for, and shall be in connection with business or commercial purposes set forth in the Assets Purchase Agreement between the parties.

**Section 5.06 Electronic Execution.** The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based record-keeping system, as the case may be, to the extent and as provided for under applicable law, including the Pennsylvania Electronic Transactions Act (73 P.S. §§ 2260.101 to 2260.5101) as amended from time to time.

**Section 5.07 Sale of Note.** Holder shall have the absolute and unrestricted right at any time or from time to time, and without notice to or consent by Debtor, or any guarantor, indemnitor, or other person, to sell or assign all or any portion of this Note. Debtor shall, and shall cause any guarantor and indemnitor to, execute, acknowledge and deliver any and all instruments reasonably requested by Holder to evidence that the unpaid Debt evidenced by this Note is outstanding and payable without defense, offset or counterclaim of any kind on the terms and provisions set out in this Note. Such assignee(s) or participant(s) shall have the rights and benefits with respect to this Note as such assignee(s) or participant(s) would have if they were the Holder originally named in this Note.

**Section 5.08 CONFESSION OF JUDGMENT. UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, DEBTOR HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY, PROTHONOTARY, OR CLERK OF ANY COURT OF RECORD IN THE COMMONWEALTH OF PENNSYLVANIA OR ELSEWHERE, AS ATTORNEY FOR DEBTOR AND ALL PERSONS CLAIMING UNDER OR THROUGH**

**DEBTOR, TO APPEAR FOR DEBTOR AT ANY TIME OR TIMES, IN ANY SUCH COURT IN ANY ACTION BROUGHT AGAINST DEBTOR BY HOLDER WITH RESPECT TO THE AGGREGATE AMOUNTS PAYABLE HEREUNDER, WITH OR WITHOUT DECLARATION FILED, AS OF ANY TERM, AND THEREIN TO CONFESS OR ENTER JUDGMENT AGAINST DEBTOR FOR ALL SUMS PAYABLE FROM DEBTOR TO HOLDER HEREUNDER, AS EVIDENCED BY AN AFFIDAVIT SIGNED BY A DULY AUTHORIZED DESIGNEE OF HOLDER SETTING FORTH SUCH AMOUNT THEN DUE FROM DEBTOR TO HOLDER, PLUS REASONABLE ATTORNEYS' FEES, WITH COSTS OF SUIT, RELEASE OF PROCEDURAL ERRORS AND WITHOUT RIGHT OF APPEAL. IF A COPY OF THIS NOTE, VERIFIED BY AFFIDAVIT SHALL HAVE BEEN FILED IN SUCH ACTION, IT SHALL NOT BE NECESSARY TO FILE THE ORIGINAL AS A WARRANT OF ATTORNEY. DEBTOR WAIVES THE RIGHT TO FILE ANY STAY OF EXECUTION AND THE BENEFIT OF ALL EXEMPTION LAWS NOW OR HEREAFTER IN EFFECT. NO SINGLE EXERCISE OF THE FOREGOING WARRANT AND POWER TO BRING ANY ACTION OR CONFESS JUDGMENT THEREIN SHALL BE DEEMED TO EXHAUST THE POWER, BUT THE POWER SHALL CONTINUE UNDIMINISHED AND MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS HOLDER SHALL ELECT UNTIL ALL AMOUNTS PAYABLE TO HOLDER HEREUNDER SHALL HAVE BEEN PAID IN FULL.**

**ACKNOWLEDGMENT OF CONFESSION OF JUDGMENT. SECTION 5.08 SETS FORTH A WARRANT OF AUTHORITY FOR AN ATTORNEY TO CONFESS JUDGMENT AGAINST DEBTOR. IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST DEBTOR, DEBTOR HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY, AND AFTER CONSULTING WITH SEPARATE COUNSEL OF DEBTOR UNCONDITIONALLY: (A) WAIVES ANY AND ALL RIGHTS DEBTOR HAS OR MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE CONSTITUTION OF THE COMMONWEALTH OF PENNSYLVANIA OR OTHERWISE, INCLUDING ANY PRIOR NOTICE AND OPPORTUNITY BEFORE JUDGMENT IS ENTERED OR BEFORE EXECUTION IS ISSUED UPON ANY JUDGMENT SO ENTERED; AND (B) RELEASES HOLDER FROM ALL ERRORS OR DEFECTS IN ENTERING ANY ACTION TO CONFESS JUDGMENT, IN CAUSING SUCH WRIT OR WRITS TO BE ISSUED, OR IN CAUSING ANY JUDGMENT TO BE ENTERED, AND AGREES THAT NO WRIT OF ERROR, APPEAL, PETITION TO OPEN OR STRIKE OFF JUDGMENT, OR OTHER OBJECTION SHALL BE FILED OR MADE WITH RESPECT THERETO. DEBTOR, BY EXECUTING THE FOLLOWING SIGNATURE LINE, ACKNOWLEDGES THAT DEBTOR COMPREHENDS FULLY THE EFFECT OF THIS CONFESSION OF JUDGMENT, INCLUDING THE: (I) WAIVER OF PRIOR NOTICE AND OPPORTUNITY FOR A HEARING BEFORE THE ENTRY OF A JUDGMENT OR ANY EXECUTION ISSUING ON THAT JUDGMENT, AND (II) RELEASE OF HOLDER FROM ALL ERRORS OR DEFECTS IN ENTERING ANY ACTION TO CONFESS JUDGMENT, IN CAUSING SUCH WRIT OR WRITS TO BE ISSUED, OR IN**

**CAUSING ANY JUDGMENT TO BE ENTERED AND AGREES THAT NO WRIT OF ERROR, APPEAL, PETITION TO OPEN OR STRIKE OFF JUDGMENT, OR OTHER OBJECTION SHALL BE FILED OR MADE WITH RESPECT THERETO.**

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED DEBTOR.

**North Coventry Water Authority**

By: \_\_\_\_\_ (SEAL) Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 2.01 TO PROMISSORY NOTE**

**SCHEDULE 1.7(a)**

**Plans of the Tie-in Main**

































## **SCHEDULE 2.7**

### **CONSENTS AND APPROVALS OF GOVERNMENTAL AUTHORITIES**

Pennsylvania Public Utility Commission

Pennsylvania Department of Environmental (PaDEP) Protection;

Pennsylvania Department of Transportation Highway Occupancy Permit;

North Coventry Township Road Opening Permit;

Delaware River Basin Commission Water Allocation Permit termination; and

**SCHEDULE 3.3**

**Third Party Consents to be Obtained by NCWA**

*[Please provide list as applicable or write in none, if none required]*

*NONE*

\*\*\*\*\*

**Exhibit C**

*Aqua 2025 Financial Statements*

\*\*\*\*\*

# Financial Statement Version for AQUA

**0L** Ledger  
**10** Currency type Company code currency  
**USD** Amounts in United States Dollar  
**2025.01 -2025.12** Reporting periods

Company Code	Account Number	Text for B/S P&L Item	Total of Reporting Period
		ASSETS	
		PLANT	
		Net Utility Plant	
		Gross Utility Plant	
****	1310110	1310110 Construction Complete Not Classified	172,132,526.03
5500	1311000	1311000 Power Plan Clearing	-2,898.81
****	1311111	1311111 Plant Held for Future Use - Powerplan Clearin	2,469,771.91
5550	1311130	1311130 Utility Plant Purchased/Sold	0
****	1311200	1311200 Utility Plant in Service - PowerPlan	6,931,000,938.57
****	1311910	1311910 Util PP&E Clearing Acct for Data Conversion	699,633.00
		Total Utility Prop Plant & Equip	7,106,299,970.70
****	1311141	1311141 Plant Acquisition Adjustments-PowerPlan	-18,591,101.28
****	1331141	1331141 Accum Amortization - Plant Acquisition Adj PF	20,667,939.77
		Total Net Utility Plant Adjustment	2,076,838.49
5550	1311310	1311310 Non-Utility Property	29,790,888.93
5550	1331310	1331310 Accumulated Depreciation - Non-Utility Proper	-7,069,883.50
		Non-Utility Property	22,721,005.43
		Total Gross Utility Plant	7,131,097,814.62
		Allowance for Depreciation	
****	1331210	1331210 Accumulated Depreciation - Utility Plant	-1,668,198,965.37
		Less Allowance for Depreciation	-1,668,198,965.37
		Total Net Utility Plant	5,462,898,849.25
		Construction Work in Progress	
****	1311011	1311011 Construction Work In Progress-Utility-PowerP	199,322,948.03
****	1311900	1311900 CWIP Clearing Acct/Direct Pstg	210,037.76
		Total Construction Work in Progress	199,532,985.79
		TOTAL PLANT	5,662,431,835.04
		OTHER ASSETS	
		Other Physical Property	
****	1311120	1311120 Non-Utility Property	3,360,186.60
****	1331120	1331120 Accumulated Depreciation - Non-Utility Proper	-113,952.34
		Total Other Physical Property	3,246,234.26
		OTHER ASSETS SUBTOTAL	3,246,234.26
		CURRENT ASSETS	
		Prepayments & Other Current Assets	
		Prepayments	
****	1191310	1191310 Other PPD-PUC Assessment	1,763,671.51
****	1191311	1191311 Other PPD-SBA Assessment	150,558.51

****	1191312	1191312 Other PPD-Cons/Public Advocate Assmt	460,982.51
5500	1191313	1191313 Other PPD-AWWA Dues	12,363.00
5500	1191315	1191315 Other PPD - PURTA Tax	0
****	1191900	1191900 Prepaid Miscellaneous	186,088.11
		Total Prepayments	2,573,663.64
		Total Prepayments & Other Current Assets	2,573,663.64
		Cash	
5500	1111502	1111502 Cash in Banks - Aqua PA PNC Acct-X2757	0
5500	1111520	1111520 Cash in Banks - PNC Nat.City-Shenango-X32	17,455.86
5500	1112503	1112503 Cash Clrg - Aqua PA PNC Acct-X2757	0
5500	1112561	1112561 Cash Clrg - PNC Aqua Acct-X3136	229.56
5550	1112563	1112563 Cash Clrg - PNC Aqua Acct-X6161	0.95
****	1113200	1113200 Working Funds	17,103.45
		Total Cash	34,789.82
		Accts Receivable Trade	
****	1136101	1136101 Customer A/R - Utility - Manual	-33,053.43
****	1136200	1136200 Customer A/R - Utility	69,447,701.30
****	1137057	1137057 Accounts Receivable - Other	11,027,719.93
5500	1199910	1199910 Rents Receivable	1,100.00
		Total Accts Receivable Trade	80,443,467.80
		Allowance for Bad Debts	
****	1138010	1138010 Provision for Uncollectible A/R-Customer Accto	-8,545,805.15
		Total Allowance for Bad Debts	-8,545,805.15
		Accts Receivable - Affiliates	
5500	1133140	1133140 Interco Rec - 2200 - PNG Companies LLC	0
5500	1135602	1135602 A/R - 9200 - Essential Services Inc.	192,323.14
5500	1135603	1135603 A/R - 9210 - Aqua Services Inc.	918,287.34
5500	1135604	1135604 A/R - 5100 - Aqua New Jersey Inc.	24,016.47
5500	1135605	1135605 A/R - 5200 - Aqua Ohio Inc.	9,781.41
5500	1135607	1135607 A/R - 5300 - Aqua North Carolina Inc.	10,282.02
5500	1135608	1135608 A/R - 5400 - Aqua Virginia Inc.	1,716.94
****	1135610	1135610 A/R - 9100 - Essentials Utilities Inc.	66,012,795.92
5500	1135619	1135619 A/R - 5600 - Aqua Texas	3,159.25
5500	1135621	1135621 A/R - 5700 - Aqua Indiana	264.61
5500	1135624	1135624 A/R - 5800 - Aqua Illinois, Inc.	24,751.35
		Total Accts Receivable - Affiliates	67,197,378.45
		Materials & Supplies	
****	1142010	1142010 Materials Inventory	10,287,155.56
5500	1142020	1142020 Materials Inventory - Meters	3,485,017.17
5500	1142030	1142030 Materials Inventory - Chemicals	46,051.61
5500	1142910	1142910 Materials Inventory - Conversion	18,269.71
		Total Materials & Supplies	13,836,494.05
		Unbilled Revenue	
****	1131040	1131040 Unbilled Revenue - Water/WasteWater	40,174,927.48
5550	1131045	1131045 Unbilled Revenue - Water/WasteWater - Non	-28,481.66
		Total Unbilled Revenue	40,146,445.82
		TOTAL CURRENT ASSETS	195,686,434.43

		NONCURRENT ASSETS	
		Total Reg Assets LT	
		Rate Case Expense	
****	1253100	1253100 Deferred Rate Case Expenses	1,084,089.76
		Total Rate Case Expense	1,084,089.76
		Regulatory Assets	
****	1242010	1242010 Reg Asset - FAS 109	882,011,957.50
****	1242164	1242164 Reg Asset-Other	4,967,306.19
****	1242168	1242168 Reg Asset-COVID19 Recovery Cos	3,419,652.62
5500	1242171	1242171 Reg Asset-Reg Asset-Twin Lakes	597,413.55
****	1242208	1242208 Reg Asset - Cost of Removal - WT/WW	8,983,757.30
		Total Regulatory Assets	899,980,087.16
		Total Reg Assets LT	901,064,176.92
		Unamortized Debt Exp	
5500	1199920	1199920 Unamortized Debt Issuance Exp	116,583.86
		Total Unamortized Debt Exp	116,583.86
		Prelim Survey & Invest	
5500	1250020	1250020 Preliminary Survey & Investigations (PP)	31,900.00
****	1251030	1251030 Retirement Work in Progress (Water) – PP	2,358,645.02
		Total Prelim Survey & Invest	2,390,545.02
		Goodwill	
****	1311151	1311151 Goodwill-Manual	42,153,750.80
		Total Goodwill	42,153,750.80
		Operating Lease Assets	
5500	1293110	1293110 Lease - Land	8,875,771.46
5500	1293115	1293115 Lease - Office Building	359,702.12
5500	1293120	1293120 Lease - Office Equipment	181,824.61
5500	1293200	1293200 Accumulated Lease Amortization	-1,915,662.62
		Total Operating Lease Assets	7,501,635.57
		Other (NC Assets)	
5500	1253921	1253921 Other Deferred DB-Susp-Amortiz	-175,730.23
5500	1253922	1253922 Other Deferred DB-Service Line	20,542.25
5500	1999997	1999997 ADP Interm Clearing	260.18
		Total Other (NC Assets)	-154,927.80
		TOTAL NONCURRENT ASSETS	953,071,764.37
		TOTAL ASSETS	6,814,436,268.10
		CAPITAL	
		Equity	
		Common Shares	
****	3110100	3110100 Common Stock	-110,000.00
		Total Common Shares	-110,000.00
		Capital in Excess of Par	
5500	3121111	3121111 Other Paid-In Cap-PSU	-7,923,838.05
5500	3121112	3121112 Other Paid-In Cap-RSU	-2,162,891.08
5500	3121114	3121114 Other Paid-In Cap-Stock Option	-9,052,202.81
5500	3121115	3121115 Other Paid-In Cap-Tax on Stock	-1,644,203.90
5500	3121116	3121116 Other Paid-In Cap-Restricted Stock	-449,399.37

****	3121117	3121117 Other Paid-in Capital-Aqua	306,210,122.77
5500	3121121	3121121 Members Equity - Subsidiaries	-503,096,061.30
		Total Capital in Excess of Par	-218,118,473.74
		Balanace January 1st	
****	3220000	3220000 Unappropriated Retained Earnings	-2,610,499,486.05
5500	3220301	3220301 Unapprop Undistr Sub Erngs-9110-Essential V	-36,121,805.98
****	3239900	3239900 Miscellaneous Retained Earnings Adjustments	0
		Balanace January 1st	-2,646,621,292.03
		Income - Current Year	
		Current Year Loss	205,269,509.69
		Total Income - Current Year	205,269,509.69
		Treasury Stock	
5500	3131000	3131000 Reacquired Capital Stock	1,000.00
		Total Treasury Stock	1,000.00
		Total Equity	-2,659,579,256.08
		Long-Term Debt	
		Mortgage Bonds	
5500	2200210	2200210 Long-Term Debt - Bonds	-2,263,000,000.00
****	2200460	2200460 Long-Term Debt - PENNVEST	-27,340,594.13
		Total Long Term Debt	-2,290,340,594.13
		Total Mortgage Bonds	-2,290,340,594.13
		Unamort Debt Issue Costs	
****	2201005	2201005 Debt Issuance Costs – LT - Water/Wastewater	10,776,250.88
		Total Unamort Debt Issue Costs	10,776,250.88
		Total Long-Term Debt (Net)	-2,279,564,343.25
		TOTAL CAPITAL	-4,939,143,599.33
		CURRENT LIABILITIES	
		Short Term Debt	
5500	2150050	2150050 Notes Payable - Short Term Debt	-39,138,790.86
		Total Short Term Debt	-39,138,790.86
		Current Portion - LTD	
****	2150010	2150010 Notes Payable - Current Portion	-2,933,067.15
5500	2150015	2150015 Notes Payable - Current Portion-FM Bonds	-11,800,000.00
		Total Current Portion - LTD	-14,733,067.15
		Accounts Payable - Trade	
****	2111020	2111020 Trade Accounts Payable	-24,156,408.25
****	2111025	2111025 Cash Discounts Clearing - Trade A/P	25,134.02
****	2111110	2111110 Accts Pay-Refunds to Customers	8,666.20
****	2111130	2111130 A/P-Contractors Retainage	-6,609,297.79
****	2111200	2111200 Goods Received/Invoice Received Clearing	-9,511,902.37
5500	2111400	2111400 Procurement Card Clearing	-24,928.41
5500	2111530	2111530 Accts Pay-Accrued Purchased Water	-531,415.71
5500	2111535	2111535 Accts Pay-Accrued Electric	-1,124,471.20
5500	2111811	2111811 Expense Report Clearing - Travel Expense	2,573.47
****	2111910	2111910 Accts Payable Liability - Other	-5,833,447.89
		Total Accounts Payable - Trade	-47,755,497.93
		Accts Payable - Affiliate	

5500	2113040	2113040 Interco Payable - 2200 - PNG Companies LLC	-0.01
5550	2113216	2113216 Interco Pay - 5582 - Aqua Resources Inc.	-28,338,136.02
5500	2113602	2113602 A/P - 9200 - Essential Services Inc.	-54,984.06
5500	2113603	2113603 A/P - 9210 - Aqua Services Inc.	-8,026,667.94
****	2113605	2113605 A/P - 5200 - Aqua Ohio Inc.	-11,565.04
5500	2113607	2113607 A/P - 5300 - Aqua North Carolina Inc.	-53.02
5500	2113608	2113608 A/P - 5400 - Aqua Virginia Inc.	0
****	2113610	2113610 A/P - 9100 - Essentials Utilities Inc.	-110,524,922.19
5500	2113619	2113619 A/P - 5600 - Aqua Texas	-193.64
5500	2113624	2113624 A/P - 5800 - Aqua Illinois, Inc.	-93,065.42
		Total Accts Payable - Affiliate	-147,049,587.34
		Construction A/P Trade	
****	2111912	2111912 Accts Pay-Construction	-1,400,890.96
		Total Construction A/P Trade	-1,400,890.96
		Accts Payable - Overdraft	
5500	2111900	2111900 Cash - Manual - Reclass	0
		Total Accts Payable - Overdraft	0
		Accr Inc Taxes - Federal	
****	2132011	2132011 Accrued Federal Income Tax - Current Year	-11,806,184.05
		Total Accr Inc Taxes - Federal	-11,806,184.05
		Accr Inc Taxes - State	
****	2133120	2133120 Accrued State Income Tax - Other-Curr Yr - W	1,267,220.33
		Total Accr Inc Taxes - State	1,267,220.33
		Accr Taxes - Other	
5500	2115115	2115115 Local Excise Tax - AQUA	0
****	2115210	2115210 Sales Taxes Payable - State	22,376.10
5500	2115310	2115310 Withholding Taxes Payable - Vendor	-7,935.32
		Total Accr Taxes - Other	14,440.78
		Accrued Interest	
****	2121015	2121015 Interest Accrued - Long-Term Debt-WT/WW	-26,156,117.26
5500	2121020	2121020 Interest Accrued - Short-Term Debt	-158,000.01
5500	2129040	2129040 Interest Accrued - Miscellaneous	-806,779.00
		Total Accrued Interest	-27,120,896.27
		Other Accrued Expense	
5500	2112085	2112085 Retiree Flexible Spending	0
5500	2141050	2141050 Accrued Payroll	-843,996.30
5500	2141200	2141200 Accrued Annual Incentive	-1,788,000.00
5500	2141620	2141620 Employee Profit Sharing	-1,200,109.08
5500	2190010	2190010 Lease Obligation - Current	-251,569.51
5500	2191600	2191600 Appropriated Funds - Other	-120,827.36
5500	2199411	2199411 Deferred Revenue-Antenna Leases	-955,617.97
****	2199615	2199615 Accrued Liab-Audit Fees	-321,563.00
5500	2199645	2199645 Accrued Liab-COVID Relief Fund	0
****	2199900	2199900 Misc C&A Liabilities	-3,177,223.98
		Total Other Accrued Expense	-8,658,907.20
		TOTAL CURRENT LIABILITIES	-296,382,160.65
		NONCURRENT LIABILITIES	

		Cust Advances for Construction	
****	2199050	2199050 CAC-WIP Non Cash	-79,050,469.71
****	2199060	2199060 CAC-WIP Cash	7,232,934.19
****	2199065	2199065 CAC-WIP Closing	71,817,535.52
****	2199070	2199070 Adv Cust-Cash Other	-585,920.40
****	2199075	2199075 CAC-Non Unitized	-63,366,762.56
****	2199085	2199085 Adv Cust-Non Cash Dedicated Pr	-699,633.00
		Total Cust Advances for Constr.	-64,652,315.96
		Long Term Deferred - FIT	
****	1261010	1261010 Accumulated Deferred FIT Asset - Non-Curren	3,632,880.29
****	1261020	1261020 Accumulated Deferred FIT Asset - Excess Gro	49,712,261.15
****	2210010	2210010 Accum Defd Plant Federal Income Tax Liab-N	-627,658,543.23
****	2210020	2210020 Accum Defd Other Federal Income Tax Liab-N	-273,699,950.76
		Total Long Term Deferred - FIT	-848,013,352.55
		Long Term Deferred - SIT	
****	1262010	1262010 Accumulated Deferred SIT Asset - Non-Curren	31,217,922.75
****	2211010	2211010 Accum Defd Plant State Income Tax Liab-Non	-279,676,076.70
****	2211020	2211020 Accum Defd Other State Income Tax Liab-Non	39,856,386.08
		Total Long Term Deferred - SIT	-208,601,767.87
		Unamortized ITC	
5500	2212010	2212010 Deferred Taxes-Unam Fed ITC	-2,903,326.51
		Total Unamortized ITC	-2,903,326.51
		Regulatory Liability	
5500	2220100	2220100 Reg Liab - FAS109 - NonCurrent	-5,534,822.70
****	2220110	2220110 Reg Liab - Excess Deferred Income Tax - Non	-133,096,219.45
****	2220120	2220120 Reg Liab - Excess DIT - Gross Up NC	-48,928,644.97
****	2220170	2220170 Reg Liab - 481a Benefit	-3,911,092.49
5500	2220225	2220225 Reg Liability - OPEB Tracker	-1,385,218.48
5500	2220330	2220330 Reg Liab-Pension/OPEB	-127,929,777.11
		Total Regulatory Liability	-320,785,775.20
		Non-Current Operating Leases	
5500	2290020	2290020 Lease Obligation - Noncurrent	-7,250,066.06
		Total Non-Current Operating Leases	-7,250,066.06
5500	2291508	2291508 Noncurrent Liab-Pension Benefit Obligation	128,749,879.14
5500	2291518	2291518 OPEB Liability - Essential - Non Current	-9,093,341.93
5500	2291530	2291530 NQ Pension Liability - Non Current	-346,062.78
		Total Pension and OPEB Liabilities	119,310,474.43
		Other (NC Liab)	
5500	2291120	2291120 Uncertain Tax Position Reserve-State	-1,090,659.04
5500	2299040	2299040 Misc Operating Reserves	-28,015,105.64
5500	2299180	2299180 Accrued FIN 48 Income Tax - Long - Term	-4,732,890.47
		Total Other (NC Liab)	-33,838,655.15
		NONCURRENT LIABILITIES SUBTOTAL	-1,366,734,784.87
		CIAC -NET	
		CONTRIB IN AID OF CONSTR.	
****	2292000	2292000 CIAC-WIP Non Cash	-1,875,733.29
****	2292010	2292010 CIAC-WIP Cash	-2,706,690.85

****	2292020	2292020 CIAC-WIP Closing	-590,283.88
****	2292030	2292030 CIAC-Unitized	-284,767,590.36
		Total Contrib in Aid of Constr.	-289,940,298.38
****	2292100	2292100 Accum Amort of CIAC	77,764,575.13
			77,764,575.13
		Total CIAC -NET	-212,175,723.25
		TOTAL LIABILITIES & CAPITAL	-6,814,436,268.10
			0.00

# Financial Statement Version for AQUA

**0L** Ledger  
**10** Currency type Company code currency  
**USD** Amounts in United States Dollar  
**2025.01 -2025.12** Reporting periods

Company Code	Account Number	Text for B/S P&L Item	Total of Reporting Period
		OPERATING INCOME	
		REVENUE	
		Operating Revenue	
5500	4114010	4114010 WTR-Unmetered-Residential	-31,586.39
5500	4114040	4114040 WTR-Unmetered-Availability Lot	3.24
5500	4114055	4114055 Other Sales-Public Auth-Affil-5200-Aqua OH	-384,607.02
****	4114110	4114110 WTR-Metered Sales-Residential	-431,763,521.50
****	4114115	4114115 WTR-CAP Discount-Residential	6,932,425.12
****	4114120	4114120 WTR-Metered Sales-Commercial	-152,424,578.44
****	4114130	4114130 WTR-Metered Sales-Industrial	-27,579,100.18
****	4114140	4114140 WTR-Metered Sales-Public Authority	-12,479,902.47
****	4114160	4114160 WTR-Metered Sales-Bulk Water	-259,947.68
****	4114210	4114210 WTR-Metered Fire Protection	-17,496,852.27
****	4114220	4114220 WTR-Public Fire Protection	-8,225,431.09
****	4114230	4114230 WTR-Private Fire Protection	-2,971,423.42
5500	4115090	4115090 WTR-Sales for Resale-Metered	-3,311,418.54
****	4115100	4115100 WTR-Misc Srv Rev	-609,047.56
****	4115105	4115105 WTR-Misc Srv Rev-Reconnect Fee	-364,013.16
****	4115115	4115115 WTR-Misc Srv Rev-Late Pmt Fees	-867,334.86
****	4115120	4115120 WTR-Misc Srv Rev-Bad Check Fee	-32,932.85
5500	4115125	4115125 WTR-Misc Srv Rev-New Acct Fee	-825
****	4115135	4115135 WTR-Misc Srv Rev-DSIC Imprv Surch	-4,802,798.39
****	4115140	4115140 WTR-Misc Srv Rev-ST Tax Adj Surch	313,009.11
5500	4115145	4115145 WTR-Revenue Reserve	655,388.17
5500	4118400	4118400 WTR-Other Water Rev	-363,396.92
		Operating Revenue - Water	-656,067,892.10
****	4211030	4211030 WW-Measured Rev-Residential	-55,060,560.10
****	4211035	4211035 WW-CAP Discount-Residential	419,229.20
****	4211040	4211040 WW-Flat Rate Rev-Residential	-7,563,385.31
5550	4212030	4212030 WW-Measured Rev-Commercial	-20,029,212.24
****	4212040	4212040 WW-Flat Rate Rev-Commercial	-3,519,294.07
5550	4213030	4213030 WW-Measured Rev-Industrial	-51,657.20
5550	4213040	4213040 WW-FlatRateRev-Industrial	-340,356.15
5550	4214030	4214030 WW-Flat Rate Rev-Pub Authorit	-795.46
5550	4214040	4214040 WW-Flat Rate Rev-Other Systems	-25,855.29
5550	4214050	4214050 WW-Measured Rev-Pub Authority	-3,054,851.94
****	4215155	4215155 WW-ST Tax Surcharge	8,613.04
5550	4215160	4215160 WW-Revenue Reserve	119,034.11
****	4218300	4218300 WW-Forfeited Discounts/Abate	-158,530.21
5550	4218400	4218400 WW-Other WW Revenues	-9,980.00
****	4218410	4218410 WW-Other WW Rev-DSIC	-193,061.02
		Operating Revenue - Sewer	-89,460,662.64

		Total Operating Revenue	-745,528,554.74
		Non Operating Revenue	
5550	4305035	4305035 Revenues from M & J and Contract Work	-6,132.00
5550	4305060	4305060 Rev-Contract-WW Billing	-2,140,600.99
5500	6104050	6104050 Rental Income - Non-Utility Operations	-18,000.00
5500	6104070	6104070 Nonutil Inc-UMS Outside Serv	-415,783.58
****	6104120	6104120 Nonutil Inc-Other (Water)	-678,306.45
5500	6104130	6104130 Nonutil Inc-Rent -Pole/Twr	-2,172,701.82
		Total Non Operating Revenue	-5,431,524.84
		TOTAL REVENUE	-750,960,079.58
		UTILITY COSTS & EXPENSES	
		Operations & Maintenance Expense:	
		Labor	
5500	5300110	5300110 Salaried - Straight-Time Wages	50,547,128.82
5500	5300161	5300161 Salaried Severance	0
5500	5300163	5300163 Salaried Severance WT	0
5500	5300190	5300190 Labor-Officers, Executives	774,573.84
		Labor Regular	51,321,702.66
5500	5300120	5300120 Salaried - Overtime Wages	7,724,434.93
		Labor Overtime	7,724,434.93
5500	5300170	5300170 Salaried - Incentives / Bonuses	31,000.00
5500	5300180	5300180 Salaried - Annual Incentive	1,801,896.74
		Labor Short Term Incentive	1,832,896.74
5500	5300185	5300185 Stock Option Compensation	43,682.50
5500	5300186	5300186 Performance Share Unit Amortization	263,880.89
5500	5300187	5300187 Restricted Stock Unit Amortization	297,971.91
****	5996070	5996070 RECLASS-LTI/STI	0
		Labor Long Term Incentive	605,535.30
****	5996010	5996010 RECLASS-S&W-Employees	-9,531.93
****	5996020	5996020 RECLASS-S&W-Employees-OT	0
****	8000010	8000010 Area Manager II	0
5500	8000029	8000029 Business Analyst III	0
5500	8000051	8000051 Corporate Energy Manager	1,701.18
****	8000056	8000056 Construction Coordinator III	0
****	8000058	8000058 Construction Manager	0
5500	8000093	8000093 Engineer I	4,112.50
5500	8000095	8000095 Engineering Manager	5,500.00
5500	8000097	8000097 Enterprise Systems Manager	150.07
5500	8000105	8000105 Finance and Rate Analyst II	34,492.80
5500	8000150	8000150 Mgr, Security Operations & Engineering	0
****	8000154	8000154 New Business & Contract Operations Mgr	0
****	8000159	8000159 Operations Director I	0
****	8000169	8000169 Project Engineer I	0
****	8000170	8000170 Project Engineer II	10,665.88
****	8000171	8000171 Project Engineer III	-3,060.14
5500	8000201	8000201 Systems Administrator II	0
5500	8000219	8000219 Security Engineer III	31,183.83
****	8000227	8000227 Safety Specialist II	0
5500	8000228	8000228 Safety Specialist III	0
5500	8000235	8000235 System Engineer III	0

****	8000240	8000240 Telecom Engineer II	11,684.00
****	8000274	8000274 Field Supervisor I	0
****	8000275	8000275 Field Supervisor II	0
5500	8000276	8000276 Field Supervisor III	0
****	8000283	8000283 Operations Team Leader	0
****	8000285	8000285 Plant Manager I	0
****	8000286	8000286 Plant Manager II	0
****	8000289	8000289 Production Specialist	0
****	8000290	8000290 Plant Supervisor	0
5500	8000291	8000291 Senior Hydrogeologist	-2,626.56
****	8000292	8000292 Treatment Manager	0
5500	8000297	8000297 Director, Government Affairs	20,388.72
5500	8000305	8000305 Controller IV	-7,524.80
5500	8000312	8000312 Telecom Analyst II	0
5500	8000325	8000325 Manager Security GRC	0
5500	8000332	8000332 Lead, Enterprise Architect	0
****	8000381	8000381 Director Construction	0
5500	8000412	8000412 Customer Relations Specialist II	86,934.76
****	8001003	8001003 Administrative Assistant I	0
****	8001004	8001004 Administrative Assistant II	0
5500	8001014	8001014 Customer Care Administrator I	19.11
****	8001018	8001018 Construction Coordinator II	0
5500	8001019	8001019 Construction Inspector	0
****	8001025	8001025 Customer Service Specialist II	0
5500	8001071	8001071 Seasonal Clerk	-6,400.00
****	8001101	8001101 Facility Operator I	0
****	8001102	8001102 Facility Operator II	0
****	8001103	8001103 Facility Operator III	0
****	8001104	8001104 Facility Operator Trainee	176.24
****	8001151	8001151 Operations Team Lead	0
****	8001164	8001164 Seasonal Laborer	0
5500	8001181	8001181 Utility Technician	0
5550	8001182	8001182 Utility Technician I	15.16
5500	8001183	8001183 Utility Technician II	109.24
****	8001204	8001204 Electrician (Union)	0
****	8001209	8001209 Meter Reader (Union)	0
5500	8001213	8001213 Utility Technician (Union)	-11,214.58
5500	8001219	8001219 Crew Leader	833.7
****	8001220	8001220 Distribution Technician	1,638.84
5500	8001224	8001224 Emergency Utility Worker	-202.55
****	8001226	8001226 Field Inspector - First Class	0
****	8001228	8001228 Foreman	91.88
****	8001229	8001229 Facility Operator	0
****	8001230	8001230 Field Service Representative Leader	0
5500	8001231	8001231 Field Service Representative	-8,359.69
5500	8001235	8001235 Inspector	-2,999.93
****	8001239	8001239 Laborer	-929.59
5500	8001241	8001241 Leader	-1,676.58
****	8001242	8001242 Lead Mechanic	0
5500	8001248	8001248 Maintenance Operator	-29.65

****	8001251	8001251 Maintenance Water Conservation Tech	-338.48
****	8001252	8001252 Operator - First Class	-1,114.07
5500	8001254	8001254 Operator - Third Class	0
****	8001257	8001257 Operator I	0
****	8001258	8001258 Operator II	0
****	8001259	8001259 Operator III	0
****	8001261	8001261 Operator Trainee	0
5500	8001265	8001265 Plant Utility Worker	0
****	8001270	8001270 System Operator	0
5550	8001276	8001276 Utility Field Service Worker I	0
5500	8001283	8001283 Utility Worker - Electrical	-543.36
****	8001284	8001284 Utility Worker	-7,088.12
****	8001289	8001289 Working Foreman	-1,289.68
5500	8001293	8001293 Water Trtmtnt Tech Laboratory Cert	3,150.09
****	8001299	8001299 Lead Operator Union	0
****	8001310	8001310 System Operator II	-153.34
****	8001314	8001314 Wastewater Operator II	0
5500	8001316	8001316 Customer Relations Specialist I	77,496.96
5500	8001319	8001319 Facility Operator Trainee	142.96
****	8001330	8001330 Maintenance Technician	0
****	8001333	8001333 Mechanic/Operator Trainee	0
****	8002003	8002003 Administrative Assistant I-TH	0
5500	8002014	8002014 Customer Care Administrator I-TH	154.72
****	8002018	8002018 Construction Coordinator II-TH	0
****	8002101	8002101 Facility Operator I-TH	0
****	8002102	8002102 Facility Operator II-TH	262.92
****	8002103	8002103 Facility Operator III-TH	0
****	8002104	8002104 Facility Operator Trainee-TH	0
****	8002151	8002151 Operations Team Lead-TH	0
****	8002164	8002164 Seasonal Laborer-TH	0
5500	8002183	8002183 Utility Technician II-TH	171.3
****	8002204	8002204 Electrician (Union)-TH	0
****	8002205	8002205 Facility Operator-TH	0
5500	8002213	8002213 Utility Technician (Union)-TH	-3,128.66
5500	8002224	8002224 Emergency Utility Worker-TH	-182.28
****	8002226	8002226 Field Inspector - First Class-TH	-292.13
****	8002228	8002228 Foreman-TH	0
5500	8002231	8002231 Field Service Representative-TH	-1,537.44
5500	8002235	8002235 Inspector-TH	-2,495.56
5500	8002239	8002239 Laborer-TH	-1,282.69
****	8002241	8002241 Leader-TH	-1,534.18
5500	8002248	8002248 Maintenance Operator-TH	-447.7
5500	8002251	8002251 Maintenance Water Conservation Tech-TH	0
****	8002252	8002252 Operator - First Class-TH	-711.15
5500	8002253	8002253 Operator - Second Class-TH	-910.78
****	8002257	8002257 Operator I-TH	0
****	8002258	8002258 Operator II-TH	0
****	8002259	8002259 Operator III-TH	0
****	8002261	8002261 Operator Trainee-TH	-459.24
****	8002263	8002263 Pipe Truck Operator-TH	0

****	8002270	8002270 System Operator-TH	0
5500	8002283	8002283 Utility Worker - Electrical-TH	-577.32
****	8002284	8002284 Utility Worker-TH	-4,727.82
****	8002289	8002289 Working Foreman-TH	-2,474.63
****	8002299	8002299 Lead Operator Union - TH	0
****	8002310	8002310 System Operator II-TH	-224.36
****	8002314	8002314 Wastewater Operator II - TH	0
5500	8002319	8002319 Facility Operator Trainee - TH	51.56
****	8002330	8002330 Maintenance Technician - TH	0
****	8002333	8002333 Mechanic/Operator Trainee - TH	0
5500	8003219	8003219 Distribution Technician-DT	288.84
****	8003227	8003227 Foreman-DT	0
****	8003228	8003228 Facility Operator-DT	0
5500	8003230	8003230 Field Service Representative-DT	-865.28
5500	8003234	8003234 Inspector-DT	-551.07
****	8003241	8003241 Lead Mechanic-DT	0
5500	8003251	8003251 Operator - First Class-DT	-596.82
****	8003256	8003256 Operator I-DT	0
****	8003257	8003257 Operator II-DT	129.59
****	8003258	8003258 Operator III-DT	0
****	8003260	8003260 Operator Trainee-DT	0
****	8003262	8003262 Pipe Truck Operator-DT	0
5500	8003265	8003265 Stock Attendant - First Class-DT	0
****	8003269	8003269 System Operator-DT	0
5500	8003283	8003283 Utility Worker-DT	-358.88
5500	8003288	8003288 Working Foreman-DT	-367.68
****	8003299	8003299 Lead Operator Union - DT	0
****	8003310	8003310 System Operator II-DT	0
****	8003314	8003314 Wastewater Operator II - DT	0
****	8003330	8003330 Maintenance Technician - DT	0
****	8003333	8003333 Mechanic/Operator Trainee - DT	0
****	8009990	8009990 True-Up Labor	-50,327.75
		Activity Allocations	152,410.38
****	6996001	6996001 S&W-Employees-ST	-14,866,455.98
****	6996002	6996002 S&W-Employees-OT	-3,389,890.53
5500	6996003	6996003 S&W-Officers, Directors, Majority Shareholder	-740,442.08
****	6996007	6996007 LTI/STI	-254,196.64
****	8720200	8720200 PTO Overhead	-9,334.91
****	8720700	8720700 LTI/STI/Stock Overhead	-504.42
		Labor - Overheads & Capitalization	-19,260,824.56
		Total Labor	42,376,155.45
		Employee Benefits	
5500	5301010	5301010 Employee Benefits - Medical	7,897,750.02
5500	5301020	5301020 Employee Benefits - Dental / Vision	368,091.35
5500	5301025	5301025 Employee Benefits - Vision	68,845.48
		Employee Benefits - Health Plans	8,334,686.85
5500	5301030	5301030 Employee Benefits - Life Insurance	238,015.11
5500	5301040	5301040 Employee Benefits - Disability	201,632.71
		Employee Benefits - Insurance	439,647.82
5500	5301110	5301110 Employee Benefits - Pensions	0

		Employee Benefits - Pension	0
5500	5301060	5301060 Employee Benefits - OPEB	-559,766.12
		Employee Benefits - OPEB	-559,766.12
5500	5301130	5301130 Employee Benefits - Savings Plan	2,745,538.61
5500	5301131	5301131 Employee Benefits - Savings Plan(401K)-YE	1,284,286.16
		Employee Benefits - 401K	4,029,824.77
5500	5301910	5301910 Employee Related Expenses-On Boarding	11,544.38
5500	5301915	5301915 Employee Related Expenses-DOT Physicals	809
****	5301990	5301990 Other Employee Benefits - Miscellaneous	-1,280.56
5500	5301995	5301995 Employee Related Expenses-EASE Contract (EAP)	10,602.00
5500	5301996	5301996 Other Employee Benefits - Fees COLI Accounts	53,157.58
****	5302110	5302110 Recruiting Expenses	2,298.00
5500	5302120	5302120 Transfer/Relocation Expense	-1,256.48
5500	5302920	5302920 Tuition Reimbursement Expense	47,838.00
****	5302925	5302925 Employee Training Expense	82,485.63
****	5302926	5302926 Employee Training Expense-Seminars	18,933.58
****	5302930	5302930 Employee Relations Expense	23,862.54
5500	5302990	5302990 Miscellaneous Employee-Related Expense	2,824.17
****	5996040	5996040 RECLASS-Employee Pension and Benefits	39.06
****	8720300	8720300 Payroll Other Overhead	-7,386.15
		Employee Benefits - Miscellaneous	244,470.75
****	6996004	6996004 Employee Pension and Benefits	-3,538,526.34
		Capitalized Employee Benefits	-3,538,526.34
		Total Employee Benefits	8,950,337.73
		Purchased Water	
****	5206100	5206100 Purchased Water	5,809,480.41
5500	6996009	6996009 Purchased Water	-32,124.53
		Total Purchased Water	5,777,355.88
		Purchased Wastewater	
****	5206115	5206115 Purchased Wastewater Treatment	14,896,984.17
****	6996010	6996010 Purchased WasteWater Treatment	-1,138,600.50
		Total Purchased Wastewater	13,758,383.67
		Sludge	
****	5206240	5206240 Sludge Removal	3,031,378.53
****	6996011	6996011 Sludge Removal (WW)	-1,248,540.08
		Total Sludge	1,782,838.45
		Purchased Power	
****	5206210	5206210 Purchased Power	14,240,397.78
****	5206230	5206230 Fuel for Power Production	493,533.07
****	6996015	6996015 Purchased Power (WW)	-52,277.77
****	6996016	6996016 Fuel for Power Production	-8,577.28
		Total Purchased Power	14,673,075.80
****	5304600	5304600 Chemicals-Oper-General	1,043,750.49
5500	5304601	5304601 Chemicals-Oper-Alum	5,210.51
****	5304602	5304602 Chemicals-Oper-Liqui Alum	57,118.23
****	5304603	5304603 Chemicals-Oper-Caustic	368,359.07
****	5304604	5304604 Chemicals-Oper-Chlorine	1,425,583.92
****	5304605	5304605 Chemicals-Oper-Coagulants	3,031,104.48
5500	5304606	5304606 Chemicals-Oper-Fluoride	37,833.67
****	5304607	5304607 Chemicals-Oper-Hypochlorite	606,402.77

5500	5304608	5304608 Chemicals-Oper-Polyphosphate	1,095,627.41
5500	5304609	5304609 Chemicals-Oper-Zinc Ortho	19,234.68
****	5304610	5304610 Chemicals-Oper-Polymer	307,720.66
****	5304611	5304611 Chemicals-Oper-Soda Ash	120,890.90
****	5304612	5304612 Chemicals-Oper-Sodium Thi	14,625.00
5500	5304613	5304613 Chemicals-Oper-Percol	16,055.19
5500	5304614	5304614 Chemicals-Oper-Solar Salt	3,290.52
****	5304615	5304615 Chemicals-Oper-Lime	561,975.79
5500	5304617	5304617 Chemicals-Oper-Carbon	2,940,016.92
5500	5304619	5304619 Chemicals-Oper-Potaperm	111,111.12
****	5304620	5304620 Chemicals-Oper-Ammonia	537,048.43
****	5304621	5304621 Chemicals-Oper-Misc Chem	260,028.41
5550	5304622	5304622 SW-Chem-Coll Oper-General	4,151.99
5550	5304623	5304623 SW-Chem-Coll Maint-General	3,275.42
****	5304624	5304624 SW-Chem-Pump Oper-General	519,582.68
5500	5304625	5304625 SW-Chem-Pump Maint-General	6,497.00
5550	5304626	5304626 SW-Chem-T&D Oper-General	3,833.34
****	5996180	5996180 RECLASS-Chemicals	0
****	6996018	6996018 Chemicals	-82,472.67
		Chemicals	13,017,855.93
		Materials & Supplies	
****	5304100	5304100 Material Exp-Stock	31,245,193.84
5500	5304105	5304105 Material Exp-Stk Cr	-12,720.31
****	5304110	5304110 Material Exp-Cst Dif	-93,475.88
5500	5304120	5304120 Material Exp-Obslete	-54,323.01
5500	5304140	5304140 Material Exp-Inv Rvl	72,718.57
****	5304200	5304200 Material Exp-Non Stk	4,610,276.43
5500	5304235	5304235 Materials & Supplies - Hydrants	6,428.00
5500	5304250	5304250 Materials – PFAS	48,376.27
****	5304300	5304300 Meter/ERT Purchases	3,600,994.03
****	5304330	5304330 Laboratory Supplies	46,812.95
****	5304340	5304340 Software/Hardware Purchases	783,282.16
****	5304370	5304370 Small Tools & Work Equipment	1,078,067.24
****	5304375	5304375 Materials & Supplies - Uniforms	139,759.35
****	5304380	5304380 Materials & Supplies - Safety Supplies	602,319.66
****	5304390	5304390 Misc Supplies	1,063,051.00
****	5996200	5996200 RECLASS-Materials and Supplies	-849.12
****	8720600	8720600 Tools/Clothing/Others Overhead	235.95
		Supplies	43,136,147.13
****	6996020	6996020 Materials and Supplies	-39,143,115.44
		Capitalized Supplies	-39,143,115.44
		Total Materials & Supplies	3,993,031.69
		Outside Services	
****	5303230	5303230 Contractor Services - Engineering	52,757,872.69
****	5996310	5996310 RECLASS-Contractual Services-Engineering	-161,880.19
****	6996031	6996031 Contractual Services-Engineering	-51,771,647.59
		Outside Services - Engineering	824,344.91
5500	5303210	5303210 Accounting/Auditing Services	805,770.76
5500	6996032	6996032 Contractual Services-Accounting	-253,272.58
		Outside Services - Accounting	552,498.18

****	5303220	5303220 Legal Services	1,065,095.02
****	6996033	6996033 Contractual Services-Legal	-45.63
		Outside Services - Legal	1,065,049.39
****	5303850	5303850 Testing Services	858,436.28
****	5303855	5303855 Lab Testing – PFAS	13,469.02
****	5996350	5996350 RECLASS-Contractual Services-Testing	0
****	6996035	6996035 Contractual Services-Testing	-44,618.16
		Outside Services - Lab Testing	827,287.14
****	5303010	5303010 Contractor Labor - Straight Time	2,101,958.06
****	5303020	5303020 Contractor Materials	1,009,688.00
****	5303030	5303030 Contractor Services	115,646,294.37
****	5303031	5303031 Contractor Services - Oth-Cross Connect Control	545,355.00
****	5303032	5303032 Contractor Services - Oth-Hrdw/Sfts Maint	128,842.69
****	5303035	5303035 Contractor Services - Restoration	10,675,074.76
****	5303036	5303036 Contractor Services - Permit Fees	670,719.04
5500	5303040	5303040 Environmental Services	11,933.29
****	5303050	5303050 Contractor Services - Leak Detection	379,600.76
5500	5303051	5303051 Contractor Services - Utility Locates	62.49
****	5303052	5303052 Contractor Services - Sewer Jetting	11,693.60
****	5303053	5303053 Contractor Services - Mains	88,031,046.47
****	5303054	5303054 Contractor Services - Well Cleaning	2,409,613.33
5550	5303055	5303055 Contractor Services - Wastewater Hauling	56,650.00
5500	5303056	5303056 Contractor Services - Basin-Lagoon Cleaning	1,331,157.41
****	5303057	5303057 Contractor Services - Water Sludge hauling	400,712.17
5500	5303058	5303058 Contractor Services - Oth-Hauling	184,997.50
5500	5303059	5303059 Contractor Services - PFAS	441,600.00
****	5303061	5303061 Contractor Services - Other-Mains	6,526,031.35
****	5303062	5303062 Contractor Services - Other-Services	14,502,200.49
****	5303063	5303063 Contractor Services - Other-Meters	3,196,379.42
****	5303064	5303064 Contractor Services - Other-Hydrants	1,368,160.24
****	5303145	5303145 Contractor Services - Other-Construction	643,482.65
****	5996360	5996360 RECLASS-Contractual Services-Other	-124,450.89
****	6996036	6996036 Contractual Services-Other	-236,912,116.94
		Outside Services - Operations	13,236,685.26
5500	5997310	5997310 Other ACO Direct costs	951,450.19
****	5997320	5997320 WorkFlow Processing Fee	786,243.12
****	5997330	5997330 WorkFlow Billing Postage	1,853,108.60
5500	5997360	5997360 ACO Lockbox Fees	662,529.75
		Direct ACO Costs	4,253,331.66
5500	5997350	5997350 Other Non-ACO Cust Service	3,388.15
		Other ACO Costs	3,388.15
		Outside Services - ACO	4,256,719.81
		Outside Services - Other	
****	5303130	5303130 Building & Grounds Maintenance Services	2,324,520.06
****	5303135	5303135 Contractor Services - Grounds Care	2,130,717.60
****	5303840	5303840 Security & Investigative Services	962,051.41
****	6996361	6996361 Contractual Services - Other - Bldg & Grounds	-1,312,774.20
		Outside Services - Bldg & Grounds	4,104,514.87
****	5303150	5303150 Communications Equipment Maintenance Services	1,840.00
5500	6996363	6996363 Contractual Services - Other - Communications	-1,840.00

		Outside Services - Communications	0
5500	5303110	5303110 Office Equipment Maintenance Services	7,346.65
****	5303120	5303120 Computer & Software Maintenance Services	261,189.15
****	5303315	5303315 IT/Telecom Contractor Services	25,600.29
****	6996364	6996364 Contractual Services - Other - IT	-41,540.10
		Outside Services - IT	252,595.99
****	5303140	5303140 Security Equipment Maintenance Services	539,538.91
****	6996365	6996365 Contractual Services - Other - Security	-19,701.91
		Outside Services - Security	519,837.00
5500	5303325	5303325 Professional/Temporary Labor	10,247.50
5500	6996366	6996366 Contractual Services - Other - Temporary Labor	0
		Outside Services - Temporary Labor	10,247.50
****	5303190	5303190 Miscellaneous Repairs/Maintenance	226,845.45
****	5303310	5303310 Consultant Services	940,842.90
****	5303320	5303320 Training Services	154,945.28
****	5303890	5303890 Miscellaneous Outside Services	260,372.45
****	6996367	6996367 Contractual Services - Other - Admin & General	-886,495.11
		Outside Services - Admin & General	696,510.97
		Total Outside Services - Other	5,583,706.33
		Total Outside Services	26,346,291.02
		Managment Fees	
5500	8732010	8732010 S&W-Employees	22,199,860.43
5500	8732030	8732030 S&W-Officers, Directors, Maj Shareholder	12,230,460.92
5500	8732040	8732040 Employee Pension and Benefits	329,089.49
5500	8732150	8732150 Purchased Power (WasteWater)	10,287.87
5500	8732200	8732200 Materials and Supplies	5,436,978.78
5500	8732310	8732310 Contractual Services-Engineering	549,313.44
5500	8732320	8732320 Contractual Services-Accounting	272,127.27
5500	8732330	8732330 Contractual Services-Legal	152,346.40
5500	8732340	8732340 Contractual Services-Management Fees	2,785,343.82
5500	8732360	8732360 Contractual Services-Other	9,398,265.43
5500	8732500	8732500 Transportation Expenses	8,348.03
5500	8732600	8732600 Advertising Expense	26,425.85
5500	8732750	8732750 Miscellaneous Expense	1,771,791.00
		Management Fees - Water	55,170,638.73
****	8733010	8733010 S&W-Employees-ST	0
****	8733020	8733020 S&W-Employees-OT	0
****	8733030	8733030 S&W-Officers, Directors, Maj Shareholder	0
****	8733040	8733040 Employee Pension and Benefits	0
****	8733050	8733050 Employee Taxes	0
****	8733070	8733070 LTI/STI	0
****	8733090	8733090 Purchased Water	0
****	8733100	8733100 Purchased WasteWater Treatment	0
****	8733150	8733150 Purchased Power (WasteWater)	0
****	8733160	8733160 Fuel for Power Production	0
****	8733180	8733180 Chemicals	0
****	8733200	8733200 Materials and Supplies	0
****	8733310	8733310 Contractual Services-Engineering	0
****	8733320	8733320 Contractual Services-Accounting	0
****	8733330	8733330 Contractual Services-Legal	0

****	8733340	8733340 Contractual Services-Management Fees	0
****	8733350	8733350 Contractual Services-Testing	0
****	8733360	8733360 Contractual Services-Other	0
****	8733361	8733361 Contractual Services - Other - Bldg & Grounds	0
****	8733364	8733364 Contractual Services - Other - IT	0
****	8733367	8733367 Contractual Services - Other - Admin & General	0
****	8733410	8733410 Rental of Building Real Property	0
****	8733420	8733420 Rental of Equipment	0
****	8733500	8733500 Transportation Expenses	0
****	8733570	8733570 Insurance General Liability	0
****	8733600	8733600 Advertising Expense	0
****	8733660	8733660 Regulatory Commission Expense-Amort	0
****	8733750	8733750 Miscellaneous Expense	0
****	8733751	8733751 Other Miscellaneous Expense	0
****	8733780	8733780 Non Op Utility Exp	0
****	8733850	8733850 Capital OH	0
		Management Fees - State	0
5500	6996034	6996034 Contractual Services-Management Fees	-23,952,563.85
		Capitalized Management Fees	-23,952,563.85
		Total Management Fees	31,218,074.88
		Leases	
****	5307010	5307010 Rent Expense - Buildings	577,313.33
****	5307050	5307050 Rent Expense - Land & Land Rights	104,362.97
****	6996041	6996041 Rental of Building Real Property	-34,025.00
		Leases - Building	647,651.30
****	5307030	5307030 Rent Expense - Equipment (Office & Other)	68,895.68
****	6996042	6996042 Rental of Equipment	-29,109.73
		Leases - Equipment	39,785.95
5500	5307090	5307090 Rent Expense - Miscellaneous	24
		Leases - Other	24
		Total Leases	687,461.25
		Transportation	
****	5303170	5303170 Automobile Repairs/Maintenance	22,160.52
****	5304210	5304210 Auto Parts & Supplies	1,085,292.64
5500	5399070	5399070 Vehicle Expenses-Fleet System- Maintenance	331,571.77
		Transportation - Services & Maintenance	1,439,024.93
5500	5399077	5399077 Transportation - Vehicle Leases	2,000.00
		Transportation - Leases	2,000.00
****	5304510	5304510 Gasoline	1,336,389.39
****	5304515	5304515 Diesel Fuel	315,786.31
5500	5304516	5304516 Natural Gas Fuel	17,205.72
5500	5304520	5304520 Fuel-Off Hwy Equip	0
		Transportation - Fuel	1,669,381.42
5500	5303175	5303175 Contractor Svcs-Transportation-Corp Claims Mgmt	53,741.11
5500	5399079	5399079 Transportation-Crash	61,124.92
****	5996500	5996500 RECLASS-Transportation Expenses	-237,762.12
****	8720500	8720500 Transportation Overhead	-2,595.70
		Transportation - Other	-125,491.79
****	6996050	6996050 Transportation Expenses	-975,154.62
		Capitalized Transportation	-975,154.62

		Total Transportation	2,009,759.94
		Miscellaneous Expenses	
****	5308010	5308010 Subscriptions	67,809.31
****	5308021	5308021 Professional Dues	1,531.66
****	5308041	5308041 Industry Assoc Dues	7,564.48
****	5308090	5308090 Other Dues&Membershp	711,054.85
		Dues & Subscriptions	787,960.30
****	5310010	5310010 Operating Permits	588,285.39
****	5310020	5310020 Licensing Fees	535,167.19
****	5310050	5310050 Environmental Fees	96,818.83
		Licenses & Permits	1,220,271.41
5500	5310080	5310080 Bank Fees	84,773.14
5500	5310085	5310085 Bond Servicing Fees	236,771.29
		Bank Fees	321,544.43
****	5302010	5302010 Travel Expense	238,476.01
****	5302015	5302015 Meals (50% Non-Deductible)	297,572.62
5500	5302016	5302016 Meals (100% Deductible)	610.74
5500	5302020	5302020 Entertainment Expense	19,840.41
****	5302021	5302021 Entertainment Expense - Non-Deductible	26,627.33
5500	5302022	5302022 Entertainment Expense-50% Non-Deductible	0
		Travel & Entertainment	583,127.11
****	5303830	5303830 Advertising	74,795.65
5500	5399110	5399110 Chamber of Commerce & Civic Org	198,348.00
****	6996060	6996060 Advertising Expense	-1,794.70
		Public Relations	271,348.95
5500	5399210	5399210 Penalties - Operating - Nondeductible-WTR/WWTR	13,250.00
		Fines & Penalties	13,250.00
****	5304310	5304310 Office Supplies	291,848.37
****	5304320	5304320 Postage, Shipping, & Freight	308,350.77
****	5304350	5304350 Office Furn & Equip	278,011.41
****	5304360	5304360 Promotion Supplies	50,991.64
****	5304410	5304410 Purchasing Card Expenses-MC	-21,498.46
		Office Supplies	907,703.73
****	5309010	5309010 Utilities - Electric and Gas	82,499.44
****	5309025	5309025 Utilities - Communications	1,417,974.70
****	5309030	5309030 Utilities - Water	114,503.37
****	5309040	5309040 Utilities - Other	43,527.13
		Utilities	1,658,504.64
****	5310090	5310090 Miscellaneous Fees	5,954.58
5500	5310100	5310100 Other Misc – PFAS	0
5500	5320140	5320140 Land Rights & Right of Way Fees	6,000.00
5500	5399040	5399040 Lost Discount Exp	74,505.34
****	5399050	5399050 Regulatory Deferrals/Amortization	-786,460.06
****	5399900	5399900 Miscellaneous Expense	-3,163,157.72
5500	5399910	5399910 Miscellaneous Expense - Acct Recon Write-offs	0.01
****	6996751	6996751 Other Miscellaneous Expense	777,814.91
		Other Miscellaneous	-3,085,342.94
****	5303900	5303900 Conversion-Projects	-61,561.03
5500	5399060	5399060 Contrib in Aid of Constr - Cash - Taxable	0
****	5399061	5399061 CIAC-Project offset	12,952,024.34

****	5399062	5399062 Contrib in Aid of Constr - Non-Cash - Non-Taxable	-2,434,732.56
****	5399064	5399064 Contrib in Aid of Constr - Cash - Non-Taxable	-16,239,716.60
5500	5399074	5399074 Vehicle Purchases	4,285,800.31
****	5399310	5399310 Advances for Construction - Non-Cash - Non-Taxable	-10,517,291.78
****	5399315	5399315 Advances for Construction - Cash - Non-Taxable	3,214,917.14
****	5399340	5399340 Salvage Proceeds	-740,680.09
****	5996750	5996750 RECLASS-Miscellaneous Expense	433,088.80
****	5996820	5996820 Reclass-CAC	0
****	5996850	5996850 RECLASS-Capital Overhead	-8,546.70
****	6996075	6996075 Miscellaneous Expense	-4,268,205.87
****	6996081	6996081 CIAC	5,722,424.82
****	6996082	6996082 CAC	7,302,374.64
****	6996085	6996085 Capital Overhead	17,883.45
****	8720400	8720400 A&G Capital Support Overhead	-1,395.78
****	8720900	8720900 Engineering Overhead	-7,026.77
		Capital Miscellaneous & Overheads	-350,643.68
		Total Miscellaneous Expenses	2,327,723.95
		Insurance	
****	5305010	5305010 Injury Expenses	4,737,076.36
****	5305020	5305020 Damages - Property	286,128.59
****	5305030	5305030 Claims Reimburse	533.69
****	5305060	5305060 Worker's Compensation Admin	984,222.45
****	5306010	5306010 Insurance-Directors&Officers/Fiduciary/Crime	2,144,395.49
5500	5306060	5306060 Insurance-General Property	222,028.70
****	6996057	6996057 Insurance General Liability	-1,549,772.76
5500	6996058	6996058 Insurance Workman's Compensation	-307,599.22
5500	6996059	6996059 Insurance Other	-668,143.94
		Total Insurance	5,848,869.36
		Bad Debt	
****	5311020	5311020 Uncollect Accts Exp-Writeoffs	4,807,814.37
****	5311030	5311030 Uncollect Accts Exp-Recovery of Bad Debt	-559,710.54
****	5311040	5311040 Uncollect Accts Exp-Reserve Change	-353,799.00
****	5996700	5996700 RECLASS-Bad Debt Expense	-8,535.00
****	6996070	6996070 Bad Debt Expense	-6,798.39
		Total Bad Debt	3,878,971.44
		Non Operating Expenses	
****	5381000	5381000 Acquisition Related Expenses	249,474.80
****	6201011	6201011 Donations - 501(c)(3)	127,565.47
5500	6202021	6202021 Non Utility Civic/Politic Activities	171,024.40
5500	6204020	6204020 Misc NonUtil Exp-Antennae	6,065.00
5500	6204050	6204050 Misc NonUtil Exp-Non-Cust Rel	16,654.12
5500	6204080	6204080 Misc NonUtil Exp-Bill Mat&Serv	13,225.00
5500	6204140	6204140 Misc NonUtil-N-Cust-Act & Evt	307,100.44
****	6204150	6204150 Misc NonUtil Exp-Other	1,021,793.33
****	6204160	6204160 Misc NonUtil-Other-Prof Servic	22,740.08
5500	6204170	6204170 Misc NonUtil-Nontax Ded Bus Ex	190,112.01
****	6996078	6996078 Non Op Utility Expense	-84,190.50
		Total Non Operating Expenses	2,041,564.15
		Total Operations & Maintenance Expense	178,687,750.59
		Depreciation:	

****	5501001	5501001 Deprec Exp - Utility Plant	152,692,317.08
****	5502011	5502011 Amortization Expense - CIAC	-5,543,153.64
****	5996830	5996830 Reclass-Capitalized Depreciation	0
		Total Depreciation	147,149,163.44
		Amortization:	
****	5507011	5507011 Amortization Exp - Rate Case Expenses WT/WW	918,965.23
****	5507050	5507050 Regulatory Deferrals/Amortization	2,442,620.00
****	5507070	5507070 Amort-Util Plant Acq Adj	-469,654.74
5500	6402421	6402421 Amort Debt Disc & Exp - Essential	197,841.77
		Total Amortization	3,089,772.26
		Taxes Other Than Income:	
****	5310031	5310031 Assessment-PUC	3,270,507.74
****	5310032	5310032 Assessment-Consumer Advocate	928,348.49
****	5310033	5310033 Assessment-SBA	329,447.49
****	5310035	5310035 Assessment-DPC	0
****	5702101	5702101 Property Taxes	0
****	5702120	5702120 Property Taxes-WT/WW	1,557,227.61
5500	5703100	5703100 Payroll Taxes	4,695,906.43
5500	5709101	5709101 Other Miscellaneous Taxes	2,823.25
5500	5709140	5709140 Other Taxes-PURTA	5,531,153.69
****	5996050	5996050 RECLASS-Employee Taxes	13.65
****	6996005	6996005 Payroll Tax	-1,479,939.57
****	8720100	8720100 Payroll Tax Overhead	-4,435.68
		Total Taxes Other Than Income	14,831,053.10
		TOTAL UTILITY COSTS & EXPENSES	343,757,739.39
		TOTAL OPERATING INCOME	-407,202,340.19
		OTHER (INCOME) EXPENSE	
		Interest Expense:	
5500	6499021	6499021 Interest Expense - Short Term Debt	1,606,089.82
		Interest on Short Term Debt	1,606,089.82
****	6499011	6499011 Interest Expense - Long Term Debt	95,259,367.15
		Interest on LTD	95,259,367.15
****	6402430	6402430 Amort-Debt Issuance Costs	562,202.97
		Amortization of Debt Issuance Costs	562,202.97
		Interest on Long Term Debt	95,821,570.12
****	5996800	5996800 Reclass-AFUDC-Debt	-232.66
****	5996801	5996801 Reclass-AFUDC-Equity	-385.65
****	6404001	6404001 Allowance for Funds Used Dur Constr-Debt	-3,343,538.79
****	6499998	6499998 Capitalized AFUDC Debt - Project Use	3,343,968.73
****	6996080	6996080 AFUDC-Debt	-3,342,990.85
		AFUDC - Debt	-3,343,179.22
****	6103000	6103000 Allowance Funds Used During Construction-Equity	-6,157,672.19
****	6499999	6499999 Capitalized AFUDC Equity - Project Use	6,157,672.19
****	6996086	6996086 AFUDC-Equity	-6,155,996.95
		AFUDC - Equity	-6,155,996.95
		Allow For Funds Used During Construction	-9,499,176.17
		Total Interest Expense	87,928,483.77
		Other Net (Income) Expense:	
****	5380011	5380011 Operating Gain/Loss-Disposition of Assets	-327,566.50
		Gains from Sales of Property	-327,566.50

5500	6299100	6299100 Other Expense - Non-Service Cost Benefits-Pension	0
5500	6299101	6299101 Other Expense - Non-Service Cost OPEB	-295,380.00
****	6299102	6299102 Nonqual - Non Service Cost	64,224.00
		Other Net Periodic Benefit Costs	-231,156.00
		Other Net (Income) Expense	-558,722.50
		TOTAL OTHER (INCOME) EXPENSE	87,369,761.27
		TOTAL INCOME BEFORE TAX & GAIN	-319,832,578.92
		INCOME TAXES	
		Income Taxes - Current	
****	6310011	6310011 Federal Income Tax Expense	36,545,561.52
5500	6310021	6310021 FIN 48 Federal Income Tax Expense	627,634.37
		Federal Taxes - Current	37,173,195.89
****	6311011	6311011 State Income Tax Expense	9,006,504.97
5500	6312011	6312011 FIN 48 State Income Tax Expense	-53,710.35
		State Taxes - Current	8,952,794.62
		Total Income Taxes - Current	46,125,990.51
		Income Taxes - Deferred	
****	6320021	6320021 Defd Federal Income Tax Expense-Noncurr Asset	4,114,888.58
****	6320031	6320031 Defd Federal Income Tax Expense-Other Curr Liab	-5,202,957.26
****	6320041	6320041 Defd Federal Income Tax Expense-Plant Noncurr Liab	15,439,515.31
****	6320046	6320046 Defd Federal Income Tax Expense-EDIT Amortization	-7,222,518.99
****	6320051	6320051 Defd Federal Income Tax Expense-Other NC Liab	-19,524,221.81
5500	6322011	6322011 Amortization - Deferred ITC	-102,140.00
		Federal Taxes - Deferred	-12,497,434.17
****	6321021	6321021 Defd State Income Tax Expense-Noncurr Asset	10,814,869.73
****	6321031	6321031 Defd State Income Tax Expense-Other Curr Liab	-4,587,905.57
****	6321041	6321041 Defd State Income Tax Expense-Plant Noncurr Liab	368,911.93
****	6321051	6321051 Defd State Income Tax Expense-Other NC Liab	-18,218,405.12
		State Taxes - Deferred	-11,622,529.03
		Total Income Taxes - Deferred	-24,119,963.20
		TOTAL INCOME TAXES	22,006,027.31
		TOTAL NET INC BFR EQTY EARNG IN SUBSIDIARIES	-297,826,551.61
		TOTAL NET INCOME	-297,826,551.61
		NET INCOME AVAILABLE FOR COMMON	297,826,551.61
		TOTAL NET INCOME AVAILABLE FOR COMMON	0

\*\*\*\*\*

**Exhibit D1**

*Deed of Easement and Right-Of-Way*

\*\*\*\*\*



4/12

This instrument was prepared by

Superior Water Co., Inc.  
1885 Swamp Pike, Suite 109  
P.O. Box 525  
Gilbertsville, PA 19525

After recording, please return  
this instrument to:

**RETURN TO**  
Central Montgomery Abstract Co., Inc.  
1904-1906 Swede Road  
East Norriton, Pa., 19401  
Phone Number: 610-279-2975

UPI # 17-7-72 ✓ p/o

EW

**RIGHT OF WAY  
AND WATER FACILITIES EASEMENT AGREEMENT;**

**THIS INDENTURE**, made this the 24 day of March, 2008, by and between SUBURBIA SHOPPING CENTER, L.P., a Pennsylvania limited partnership, 1030 W. Germantown Pike, Fairview Village, Pennsylvania, 19409 (hereinafter called Grantor)

and

SUPERIOR WATER CO., INC., a Pennsylvania Corporation, 1885 Swamp Pike, Suite 109, P.O. Box 525, Gilbertsville, Pennsylvania 19525 (hereinafter called Grantee).

The GRANTOR, for and 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 grant and convey unto the GRANTEE, its successors and assigns, forever, an easement and the free uninterrupted and unobstructed right of way, in, under, over and across ALL THAT CERTAIN tract or parcel of land, SITUATE in the Township of North Coventry, County of Chester and Commonwealth of Pennsylvania, as acquired by virtue of a certain Deed as recorded in the Office of the Recorder of Deeds of Chester County in Record Book 4120 page 490 &c.,:

See Exhibit "A" attached hereto and made a part hereof.

This Deed of Easement and Right of Way is for the purpose of installing, laying, operating, maintaining, inspecting, removing, repairing, replacing, relaying and adding to, from time to time, pipe or pipes, with necessary fittings, appurtenances and attached facilities, including laterals and connections for the transmission and distribution of water.

Together with the right of the GRANTEE, its successors and assigns, to enter in and upon the premises described above with men and machinery, vehicles and material, at any time and all times, for the purpose of maintaining, repairing, renewing and adding to the aforesaid water pipe lines and appurtenances and for doing anything necessary, useful or convenient for the enjoyment of the easement herein granted.

TO HAVE AND TO HOLD the above granted easement and right of way unto the said GRANTEE, its successors and assigns, forever.

THE GRANTEE agrees, by the acceptance of this Deed of Easement and Right of Way that, upon any opening made in connection with any of the purposes of the easement and right of way, said opening shall be backfilled and resurfaced to as nearly as possible the same condition as existed when said opening was made, all such work to be done at the expense of the GRANTEE. GRANTOR shall have the right to relocate pipe or pipes, along with the necessary fittings, appurtenances and attached facilities, including laterals and connections for the transmission and distribution of water at any time; PROVIDED, that only the GRANTEE shall perform any such relocation work and such relocation work shall be performed at the sole expense of the GRANTOR.

The GRANTEE shall quietly enjoy the said easement and right of way.



CENTRAL MONTGOMERY ABSTRACT

04/08/2008 12:11P

10835325

Page 2 of 4

B-7405 P-750

IN WITNESS WHEREOF, the Grantor, for itself, its successors and assigns, has duly executed this Agreement the 24 day of March, 2008.

Suburbia Shopping Center, L.P., a  
Pennsylvania limited partnership  
BY: Suburbia, Inc., a Pennsylvania  
Corporation, its General Partner

BY: 

John Gambone, President

COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF MONTGOMERY

On this, the 24<sup>TH</sup> day of March, 2008, before me, the undersigned officer, personally appeared John Gambone, who acknowledged himself to be the President of Suburbia, Inc., a Pennsylvania corporation, sole general partner of Suburbia Shopping Center, L.P., a Pennsylvania limited partnership, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation as sole general partner, for and on behalf of the limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Diana M. Rau, Notary Public  
East Norriton Twp., Montgomery County  
My Commission Expires Aug. 5, 2009



CENTRAL MONTGOMERY ABSTRACT

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10835325  
Page 3 of 4  
B-7405 P-750

EXHIBIT "A"

ALL THAT CERTAIN Tract or piece of ground, with the buildings and improvements thereon erected and/or to be erected, Situate in the Township of North Coventry, County of Chester and Commonwealth of Pennsylvania, bounded and described according to a Minor Subdivision Plan of "Suburbia Center" for Suburbia Shopping Center L.P. by Bursich Associates Inc., dated April 9, 2001, last revised July 10, 2002, recorded in the Office for the Recording of Deeds, in and for the County of Chester, at West Chester, Pennsylvania, as Plan File Number 16332, as follows, to wit:---

BEGINNING at a point on the title line within the bed of PA Route 100 (S.R. 0100) (as laid out on said Plan), at a corner of lands now or late of Coventry Restaurant Corp., as shown on said Plan; thence extending from said point of beginning North 03 degrees 49 minutes 58 seconds East, along the said title line within the bed of PA Route 100, the distance of 407.64 feet to a point on the same, at a corner of lands now or late of Hanover Land Corp., as shown on said Plan; thence extending along lands of Hanover Land Corp., the three following courses and distances, viz: (1) extending South 85 degrees 23 minutes 58 seconds East, and also crossing the Easterly side of PA Route 100, the distance of 183.23 feet to a point, a corner; (2) thence extending North 04 degrees 39 minutes 12 seconds East, the distance of 94.22 feet to a point, a corner; and (3) thence extending North 55 degrees 34 minutes 54 seconds West, the distance of 15.91 feet to a point, a corner of lands now or late of Vagasky, as shown on said Plan; thence extending North 32 degrees 24 minutes 32 seconds East, along lands of Vagasky, the distance of 411.87 feet to a point, a corner of lands now or late of Anderson, as shown on said Plan; thence extending North 31 degrees 52 minutes 59 seconds East, partly along lands of Anderson and also along lands now or late of Mebbie Co. LLC., as shown on said Plan, the distance of 244.94 feet to a point, a corner of said lands of Mebbie Co. LLC.; thence extending along lands of Mebbie Co. LLC., the three following courses and distances, viz: (1) extending South 49 degrees 06 minutes 07 seconds East, the distance of 486.96 feet to a point, a corner; (2) thence extending South 53 degrees 58 minutes 43 seconds East, the distance of 330.29 feet to a point, a corner; and (3) thence extending South 49 degrees 37 minutes 44 seconds East, the distance of 117.28 feet to a point, a corner of lands now or late of High, as shown on said Plan; thence extending South 32 degrees 32 minutes 53 seconds West, along lands of High, the distance of 1251.00 feet to a point, a corner in line of lands now or late of Penn State Motorcycle Corp., as shown on said Plan; thence extending along lands of Penn State Motorcycle Corp., the two following courses and distances, viz: (1) extending North 40 degrees 29 minutes 10 seconds West, the distance of 153.61 feet to a point, a corner; and (2) thence extending South 85 degrees 23 minutes 21 seconds West, the distance of 181.10 feet to a point, a corner of lands now or late of Rock, as shown on said Plan; thence extending North 18 degrees 37 minutes 40 seconds West, partly along lands of Rock and also along lands of Coventry Restaurant Corp., aforesaid, the distance of 483.83 feet to a point, a corner of said lands of Coventry Restaurant Corp.; thence extending North 79 degrees 22 minutes 01 seconds West, along lands of Coventry Restaurant Corp. and also re-crossing the said Easterly side of PA Route 100, the distance of 174.25 feet to the first mentioned point on the aforesaid title line within the bed of PA Route 100 and place of beginning.

BEING Lot Numbers 1 and 2, as shown on the above mentioned Plan.

BEING COMMONLY KNOWN AS "Suburbia Shopping Center" at 1406 South Hanover Street.

UNDER AND SUBJECT to the free, unobstructed and uninterrupted right of ingress, egress and regress by the owners, tenants and occupiers of Lot Number 2, as shown on the above mentioned Plan, on, over, across and through Lot Number 1, as shown on the above mentioned Plan and PA Route 100, also known as South Hanover Street.

BEING the same premises (now being described according to the above mentioned Minor Subdivision Plan) which Ware, Inc., a Delaware Corporation, successor by merger and change of name to Suburbia, Inc., a Pennsylvania Corporation, by Deed dated December 10, 1996, recorded in the Office for the Recording of Deeds, in and for the County of Chester, at West Chester, Pennsylvania, in Record Book 4120 page 490 &c., granted and conveyed unto Suburbia Shopping Center, L.P., a Pennsylvania Limited Partnership, its successors and assigns, in fee.



CENTRAL MONTGOMERY ABSTRACT

04/08/2008 12:11P

10835325

Page 4 of 4

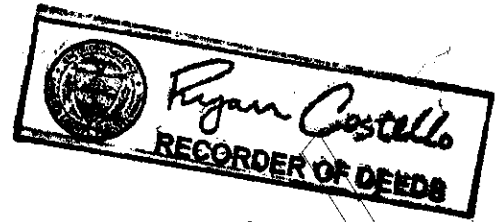
B-7405 P-750

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**Exhibit D2**

*Indenture*

\*\*\*\*\*



15/2

This instrument was prepared by

Superior Water Co., Inc.  
1885 Swamp Pike, Suite 109  
P.O. Box 525  
Gilbertsville, PA 19525

After recording, please return  
this instrument to:

Central Montgomery Abstract Co., Inc.  
1904-1906 Swede Road  
East Norriton, Pa., 19401  
Phone Number: 610-279-2975

UPI # 17-7-72 ✓ P/O

EW

**RIGHT OF WAY  
AND WATER FACILITIES EASEMENT AGREEMENT;  
AND WATER GRANT**



**THIS INDENTURE**, made this the 24<sup>th</sup> day of March, 2008, by and between SUBURBIA SHOPPING CENTER, L.P., a Pennsylvania limited partnership, 1030 W. Germantown Pike, Fairview Village, Pennsylvania, 19409 (hereinafter called Grantor)

and  
SUPERIOR WATER CO., INC., a Pennsylvania Corporation, 1885 Swamp Pike, Suite 109, P.O. Box 525, Gilbertsville, Pennsylvania 19525 (hereinafter called Grantee).

W I T N E S S :

WHEREAS, Grantor is the owner of ALL THAT CERTAIN tract or parcel of land, SITUATE in the Township of North Coventry, County of Chester and Commonwealth of Pennsylvania, as acquired by virtue of a certain Deed as recorded in the Office of the Recorder of Deeds of Chester County in Record Book 4120 page 490 &c.,

AND WHEREAS, Grantee is desirous of acquiring a right of way and easement on, over, above and under a portion of that premises for the purpose of ingress, egress, regress and occupation to construct, install, operate, protect and maintain a system for the extraction, production or pumping, purification, processing and transmission of innocuous water, as well as the facilities and appurtenances requisite thereto; as well as all right, title and interest and ownership of, in and to those waters so extracted, produced or pumped, purified, processed and transmitted by, through and within said system.

N O W T H E R E F O R E W I T N E S S E T H :

THAT Grantor, for itself, its successors and assigns, for and in consideration of the sum of One (\$1.00) Dollar, lawful money of the United States of America, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, has granted, bargained and sold and by these presents does grant, bargain and sell unto the Grantee, its successors and assigns, a perpetual right of way for the free and uninterrupted right, liberty and privilege of ingress, egress, regress and occupation for use to construct, install, operate, protect and maintain a system for the extraction, production or pumping, purification, processing and transmission of innocuous water, as well as the facilities and appurtenances requisite thereto, on, over, above and below the surface of the land within the easement areas hereinafter shown and described in accordance with the plan and description set forth as Exhibit "A", attached hereto and made a part hereof; TOGETHER with the right for the said Grantee, its successors and assigns, their respective contractors, sub-contractors, employees, agents and designees to from time to time and at all times trim, cut or remove vegetation, brush and trees, as well as, any and all other objections or obstructions currently or hereafter existing within both easement areas, including the right to make excavations, to accomplish and

10835326  
Page 2 of 5  
B-7405 P-754

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CENTRAL MONTGOMERY ABSTRACT

maintain adequate, efficient, safe and reasonable performance of the rights granted hereby; AND FURTHER granting and conveying unto the said Grantee, its successors and assigns all right, title and interest and ownership of, in and to those waters so extracted, produced or pumped, purified, processed and transmitted by, through and within said easement areas and those facilities and appurtenances.

AND FURTHER, the said Grantor, for itself, its successors and assigns hereby declares and agrees that it and they will not, nor will it or they permit to be stored, distributed or disposed of, within the area shown on the plan set forth as part of Exhibit "A" attached hereto and made a part hereof, as Well Protection Easement, any of the following materials:

- A. Gasoline, Fuel Oil or other petroleum by-products,
- B. Paints, Thinners and other related products,
- C. Agriculture related products, including, but not limited to Fertilizer, Herbicides or Insecticides,
- D. Other chemicals which may endanger the ground water supply.

AND FURTHER, the said Grantor, for itself, its successors and assigns hereby declares and agrees that it and they will not construct, place, maintain or use structures of any kind within either easement area; plant shrubs or trees within either easement area, limiting all vegetation to grass or similar ground cover; raise or lower the ground elevation of the lands adjacent to either easement area; obstruct access to or from; remove structural support from; divert or impound water to, from or on either easement area or otherwise interfere with the rights hereby granted or the facilities constructed under the terms hereof.

PROVIDED ALWAYS, NEVERTHELESS, that said Grantee, its successors and assigns shall bear all costs relating to the performance of the rights granted hereby and the responsibility of maintenance of the facilities in a adequate, safe and reasonable manner.

IN WITNESS WHEREOF, the Grantor, for itself, its successors and assigns, has duly executed this Agreement the 24 day of March, 2008.

Suburbia Shopping Center, L.P., a  
Pennsylvania limited partnership

BY: Suburbia, Inc., a Pennsylvania  
Corporation, its General Partner

BY:   
\_\_\_\_\_, President



COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF MONTGOMERY

On this, the *24TH* day of *March*, 2008, before me, the undersigned officer, personally appeared John Gambone, who acknowledged himself to be the President of Suburbia, Inc., a Pennsylvania corporation, sole general partner of Suburbia Shopping Center, L.P., a Pennsylvania limited partnership, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation as sole general partner, for and on behalf of the limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

*Diana M. Rau*

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Diana M. Rau, Notary Public  
East Norriton Twp., Montgomery County  
My Commission Expires Aug. 5, 2009



CENTRAL MONTGOMERY ABSTRACT

04/08/2008 12:11P

10835326

Page 4 of 5

B-7405 P-754

EXHIBIT "A"  
LEGAL DESCRIPTION

ALL THAT CERTAIN INTERIOR Lot or piece of ground, with such improvements thereon erected and/or to be erected, Situate in the Township of North Coventry, County of Chester and Commonwealth of Pennsylvania, bounded and described according to a Minor Subdivision Plan of "Suburbia Center" for Suburbia Shopping Center L.P., by Bursich Associates Inc., dated April 9, 2001, last revised July 10, 2002, recorded in the Office for the Recording of Deeds, in and for the County of Chester, at West Chester, Pennsylvania, as Plan File Number 16332, as follows, to wit:---

BEGINNING at an interior point, a corner of Lot Number 1, at or near where is shown "Low Profile Concrete Water Tank" and "Pump Station", on said Plan; thence extending from said point of beginning within and through Lot Number 1, aforesaid, the following seventeen (17) courses and distances, viz: (1) extending South 32 degrees 32 minutes 53 seconds West, the distance of 98.75 feet to a point, a corner; (2) thence extending South 13 degrees 15 minutes 31 seconds East, the distance of 48.27 feet to a point, a corner; (3) thence extending South 32 degrees 22 minutes 14 seconds West, the distance of 272.43 feet to a point, a corner; (4) thence extending North 86 degrees 03 minutes 19 seconds West, the distance of 55.71 feet to a point, a corner; (5) thence extending North 03 degrees 56 minutes 41 seconds East, the distance of 10.00 feet to a point, a corner; (6) thence extending South 86 degrees 03 minutes 19 degrees East, the distance of 15.00 feet to a point, a corner; (7) thence extending North 61 degrees 57 minutes 51 seconds East, the distance of 61.88 feet to a point, a corner; (8) thence extending North 32 degrees 22 minutes 14 seconds East, the distance of 225.00 feet to a point, a corner; (9) thence extending North 13 degrees 15 minutes 31 seconds West, the distance of 34.34 feet to a point, a corner; (10) thence extending South 32 degrees 32 minutes 53 seconds West, the distance of 39.35 feet to a point, a corner; (11) thence extending North 57 degrees 15 minutes 22 seconds West, the distance of 87.06 feet to a point, a corner; (12) thence extending North 32 degrees 44 minutes 38 seconds East, the distance of 17.22 feet to a point, a corner; (13) thence extending North 57 degrees 15 minutes 22 seconds West, the distance of 28.27 feet to a point, a corner; (14) thence extending North 32 degrees 44 minutes 38 seconds East, the distance of 25.00 feet to a point, a corner; (15) thence extending South 57 degrees 15 minutes 22 seconds East, the distance of 28.19 feet to a point, a corner; (16) thence extending North 32 degrees 32 minutes 53 seconds East, the distance of 109.53 feet to a point, a corner; and (17) thence extending South 57 degrees 27 minutes 07 seconds East, the distance of 87.00 feet to the first mentioned interior point and place of beginning.

TOGETHER with the free, unobstructed and uninterrupted right of ingress, egress and regress on, over, across and through Lot Number 1, as shown on the above mentioned Plan, between the above described premises and PA Route 100, also known as South Hanover Street.

BEING Lot Number 2, as shown on the above mentioned Plan.

BEING UPI # 17-7-72-PART-



CENTRAL MONTGOMERY ABSTRACT

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Page: 5 of 5

B-7405 P-754

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**Exhibit E**

*Aqua Existing Rate Zone 1 Tariff Page*

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SCHEDULE OF RATES

## METERED AND UNMETERED SERVICE CHARGE

The rates under this schedule apply to all customer classes in the territories served subject to the Rate Zones as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 1 & 2	Rate Zone 3	Bunker Hill Division	Phoenixville Division
Fixed (per Customer)				
<u>Meter Size:</u>				
5/8 inch	\$ 22.40	\$ 32.40	\$ 17.70	\$ 7.35
3/4 inch	38.40	32.40		7.40
1 inch	65.30	65.30		14.90
1-1/2 inch	125.80	125.80		26.00
2 inch	179.10	179.10		55.50
3 inch	359.00	359.00		92.60
4 inch	585.00	585.00		185.00
6 inch	1,207.00	1,207.00		296.00
8 inch	2,112.00	2,112.00		629.00
10 inch	3,121.00	3,121.00		
12 inch	3,780.00	3,780.00		
Unmetered Charge	\$ 90.86	\$ 90.86		
Special Unmetered Charges				
Belle Aire Acres Division				
	\$ 70.65			

SCHEDULE OF RATES

## CONSUMPTION CHARGE - RESIDENTIAL

The rates under this schedule apply to all metered customers for water consumed per 1,000 gallons unless otherwise specifically identified below.

MONTHLY CONSUMPTION CHARGE

	Rate Zones 1 & 2	Rate Zone 3	Other
<b>Residential</b>			
Up to 2,000 Gallons	\$ 16.246		
Over 2,000 Gallons	19.233		
Up to 4,000 Gallons		\$ 15.105	
Over 4,000 Gallons		19.233	

Consumption Charge Exceptions:

Rate per 1,000 gallons:

Beech Mountain Lake	\$ 10.379		
Bristol Township	14.454		
Concord Park	16.246		
Sun Valley	8.900		
Treasure Lake	15.513		
Belle Aire			
Up to 2,000 Gallons	11.500		
Over 2,000 Gallons	13.500		
Shenandoah			
Up to 2,000 Gallons	12.452		
Over 2,000 Gallons	14.743		
Bunker Hill			\$ 9.990
Phoenixville			
Up to 333,300 Gallons			\$ 6.660
Next 1,333,400 Gallons			\$ 5.439
Over 1,666,700 Gallons			\$ 4.440

SCHEDULE OF RATES

## CONSUMPTION CHARGE – COMMERCIAL

The rates under this schedule apply to all metered customers for water consumed per 1,000 gallons unless otherwise specifically identified below.

MONTHLY CONSUMPTION CHARGE

	Rate Zones 1, 2 & 3	Other
<b>Commercial</b>		
Up to 10,000 Gallons	\$ 16.900	
Next 23,300 Gallons	14.848	
Next 300,000 Gallons	12.318	
Over 333,300 Gallons	11.276	
<u>Commercial Consumption Charge Exceptions - Rate per 1,000 gallons:</u>		
Beech Mountain Lake	\$ 10.379	
Bristol Township	16.900	
Country Club Gardens and Sand Springs	17.449	
Concord Park	16.246	
Treasure Lake	15.513	
Shenandoah		
Up to 10,000 Gallons	11.514	
Next 23,300 Gallons	10.116	
Next 300,000 Gallons	4.780	
Over 333,300 Gallons	4.373	
Phoenixville		
Up to 333,300 Gallons		\$ 6.660
Next 1,333,400 Gallons		5.439
Over 1,666,700 Gallons		4.440

\*\*\*\*\*

**Exhibit F**

*NCMA Rates, Rules, and Regulations*

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**NORTH COVENTRY WATER AUTHORITY  
CHESTER COUNTY  
PENNSYLVANIA**

**RULES AND REGULATIONS OF  
THE NORTH COVENTRY WATER AUTHORITY  
FOR THE OPERATION OF  
THE DISTRIBUTION SYSTEM**

40950

**RESOLUTION NO.**

**THE RULES AND REGULATIONS  
OF THE NORTH COVENTRY WATER AUTHORITY  
FOR THE OPERATION OF THE  
WATER DISTRIBUTION SYSTEM**

WHEREAS, the North Coventry Water Authority (the "Authority") has adopted Rules and Regulations for the operation of the water treatment and distribution system formerly owned by the Pottstown Borough Authority (the "Water System"); and

WHEREAS, it is necessary and proper for the North Coventry Water Authority to adopt and incorporate the Rules and Regulations of the Authority for the operation of the water distribution system in order to perform its obligations;

NOW, THEREFORE, BE IT RESOLVED by the North Coventry Water Authority, Chester County, Pennsylvania, and IT IS HEREBY ENACTED AND ORDAINED by the authority of same as follows:

**RULES AND REGULATIONS  
OF THE NORTH COVENTRY WATER AUTHORITY  
FOR THE OPERATION OF THE WATER  
DISTRIBUTION SYSTEM**

These Rules and Regulations are a part of the Contract with every customer who takes water and, every such customer, by taking water, agrees to be bound thereby:

**Section 1. DEFINITIONS.**

- A. Authority. "Authority", as used herein, shall mean the North Coventry Water Authority.
- B. Consumer. "Consumer", as used herein, means every separate family, person, business, institution, etc. to major degree that is a separate unit.

C. Customer. "Customer", as used herein, means the owner of a property to which water service is provided and who contracts for water service to a property which is classified as "Premises".

D. Premises.

(1) The word "Premises", as used herein, shall be the property or area, including improvements thereon, to which water service is or will be provided through water lines of the Authority on which the property abuts and on which the improvements face and, as used herein, shall be taken to designate: customer and occupied as one (1) residence or one (1) place of business, having one (1) occupancy either as a customer or consumer; or,

(2) A group or combination of buildings owned by one (1) customer, in one (1) common enclosure, occupied by one (1) family, or one (1) corporation or firm, as a residence or a place of business, or for manufacturing or similar institution either as customer or consumer; or,

(3) One (1) side of a double house having a solid vertical partition wall occupied either as a customer or consumer; or,

(4) One (1) side or part of a house occupied by one (1) family as either customer or consumer even though the closet and/or other fixtures be used in common; or,

(5) A public building devoted entirely to public use, such as town hall, schoolhouse, fire engine house, etc., occupied as a customer or consumer; or,

(6) A single lot, or park or playground, occupied as customer or consumer; or,

(7) Each house in a row of houses occupied as customer or consumer; or,

(8) Each individual and separate place of business and/or occupancy located on one (1) building or group of buildings commonly designated as shopping centers, supermarket areas, and by such other terms, occupied as a customer or consumer; or,

(9) Each dwelling unit, a dwelling unit being defined as a building, or a portion thereof, with exclusive culinary facilities, designed for occupancy and use by one (1) person or one (1) family, even though said dwelling unit may share sanitary facilities with other dwelling units occupied as customer or consumer; or,

(10) Where a building is occupied by more than one (1)

I industrial user, or any combination of residential user, each such family, commercial or industrial user shall constitute a customer or consumer; or,

(11) When a building, or a portion of a building, is occupied by one (1) customer or consumer and used for more than one (1) purpose, that is, a combination of residential and commercial and industrial or residential and industrial, each area so used for separate purposes shall constitute a customer or consumer, or each trailer shall constitute a customer or consumer.

**Section 2. METHOD OF SALE.**

A. Water, including that being provided to public or private swimming pools, is sold by meter only, except as noted under Section 4 on unmetered sales.

**B. Accounts are computed and bills rendered quarterly, except as directed otherwise by the Authority.**

C. The Authority may, by Resolution, establish Special Water Districts with special water rates. Said Water Districts may be necessary to cover special costs relative to water purchase and resale to portions of the Authority's system.

**Section 3. SCHEDULE OF WATER RATES.**

A. Minimum Charge. All customers who are metered will pay a minimum quarterly charge, which shall be non-abatable for non-use of water and non-cumulative against subsequent consumption, governed by the meter size and contain a minimum allowance for water. The rates shall be charged in accordance with the fee schedule established by the Authority.

B. Metered Rates. The minimum charge entitles the customer to use the number of cubic feet per quarter which the minimum charge pays, in accordance with the fee schedule established by the Authority. All water used each quarter in excess of the amount covered by the minimum charge per quarter shall be paid in accordance with the schedule of rates.

**Section 4. UNMETERED SALES AND BULK RATES.** It is the intent of this Section to prescribe strict regulations for the use of fire hydrants and service lines in obtaining unmetered water. Unauthorized use of Authority facilities endangers the health, safety and welfare of the Authority's customers and must be controlled. Backflow of contamination, dirty water and damage to facilities are consequences of unauthorized use. In addition, such use may constitute any of several offenses under the Crimes Code.

A. Building Water. Residential building water will be furnished to each developer through service connections only. Each person desiring building water for residential units shall make application to the Authority, or its designated agent, for a "Building Water Permit". The cost of the permit shall be in accordance with the fee schedule established by the Authority.

Commercial and industrial building water shall also require a permit and fee in accordance with the fee schedule established by the Authority. All building water connections must contain backflow devices provided by the developer.

## **Section 5. FIRE PROTECTION.**

A. Private Fire Protection. When, in the judgment of the Authority, it is practical and will, in no way, endanger the general water service in the vicinity, private fire service mains to be used exclusively for fire protection may be allowed, subject to special contract and rules, rates and regulations governing such service. In such cases, after investigation and approval by the Authority, or its agent, the consumer may, at its option, use a separate service line to be used exclusively for the extinguishing of fires. The separate service connection in such case, and the entire service installation, shall be paid for by the consumer.

B. Use of Hydrants. No fire hydrant shall be used for sprinkling streets, flushing sewers or gutters; for shower sprays, for contractors' or builders' purposes, or for any other than fire purposes, except with the approval of the Authority, or its agent. Permits for the use of water from fire hydrants for such purposes will not be granted, except in cases where such use is deemed by the Authority, or its agent, to be urgent, and other means of obtaining water are not available. Any permit so granted shall be revocable at the pleasure of the Authority in every instance.

## **Section 6. BILLS RENDERED.**

### **A. General.**

(1) All bills for service furnished by the Authority will be based on the Authority's fee schedule and/or other fees as outlined in the Water Department Rules and Regulations.

(2) Regular meter reading will be made monthly or quarterly at the option of the Authority.

(3) Bills shall be rendered quarterly unless directed otherwise by the Authority, and will include charges for all water consumed during the billing period, plus any other applicable fees.

(4) Should a meter fail to register, or the Authority, or its agent, were unable to read the meter for any part of a quarter, the consumption for the quarter shall be estimated on the basis of the consumption of the previous three (3) full quarters, and a bill rendered for the average amount so obtained.

(5) In case of excessive meter registration, no adjustment will be made of bills prior to the billing period in which complaint was made or of bills of a previous customer.

B. Condominiums and Similar Type. Condominiums and similar type housing units which embody the principal of individual purchase and ownership of the consumer units shall have individual services and meters installed to service each consumer unit, and shall be billed accordingly, or, at the discretion of the Authority, a master meter may be required to serve the complex.

C. Payment of Bills. Bills for metered consumers will be rendered quarterly of each year for the prior three (3) months. Bills remaining unpaid after due date of statement will be charged the gross amount of the bill which represents the net charge, plus an additional ten percent (10a), and the bills remaining unpaid sixty (60) days after the date of the statement will be considered delinquent, and shall accrue interest at the rate of nine percent (9%) per annum. The Authority, or its agent, reserves the right to shut off water supply after giving written notice to the customer. Said water shall remain shut off until the water rent, penalty and cost of turning off and on have been paid in full by the consumer or customer. Payments received on or previous to the last day of the specified period will be deemed to be payment of the bill within that particular period. All bills will be the responsibility of the customer. Consumer or occupant of a single metered property may be billed as a matter of convenience, but customer is responsible for payments of all charges.

D. Locations For Payment. Payments may be made at the locations specified on the invoice for services provided.

E. Accuracy of Bills. Any customer or consumer, upon receipt of bill having reason to doubt its accuracy, shall bring or mail the bill within five (5) days to the Authority for investigation.

F. Failure to Receive Bill. Bills or notices relating to the Authority or its business shall be mailed to the customer's last address as shown by the books of the Authority, and the Authority, or its agent, shall not be otherwise responsible for delivery. The Authority, or its agent, shall give or mail all such notices and bills to the address given on the application until a change, in writing, has been filed with the Authority, or its agent, by the applicant. Failure to receive a bill shall not exempt any customer from the payment of penalty. The presentation of a bill to the customer is only a matter of accommodation and not a waiver of this Rule.

G. Certification of Final Bill. Requests for Certification of Final Bill must be made in writing by the customer and will be issued for a fee in accordance with the Borough's fee schedule.

H. Returned Check Charge. A fee for a returned check unpaid by a financial institution will be assessed to the customer's account for which the check was intended, in accordance with the Borough's fee schedule.

## **Section 7. TERMINATION OF WATER SERVICE.**

A. General Conditions. Service under an application may be discontinued for any of the following reasons:

- (1) Non-payment of water bills.
- (2) Misrepresentation in application as to property or fixtures to be supplied, or the use to be made of the water supply.
- (3) Use of water for any property or purposes other than described in the application.
- (4) Waste of water through improper or imperfect pipes, fixtures or otherwise.
- (5) Failure to maintain, in good order, connections, service lines or fixtures beyond the curb, and owned by the applicant.
- (6) Molesting any service pipe, meter, curb stop or seal, or any appliance of the Authority.
- (7) Violation of any Rule of the Authority.
- (8) Vacancy of the premises.

(9) Failure to make payments of any charges against the property.

(10) Refusal of any access to property for the purpose of inspection or for reading, caring for or removing meters.

B. Tampering With Curb Cock. If the Authority, or its agent, has reason to suspect that any consumer has tampered with the curb cock after the water has been turned off from the premises, the Authority, or its agent, will shut off the water at the main, and it will not be again turned on until satisfactory assurance is given to the Authority, or its agent, that the practice will be discontinued.

C. Failure to Repair Leak. All leaks in the service pipe from the curb, to and upon the premises supplied, shall be promptly repaired by the consumer; on failure to make such repairs immediately after detection of leak, the Authority, or its agent, will turn off the water, and will not be again turned on until all necessary repairs have been made and are satisfactory to the Authority, or its agent.

D. Non-Payment of Sewer Rent. Upon proper notification, the Authority is required to discontinue water service for non-payment of sewer rent. Charges for this service shall be in accordance with the fee schedule established by the Authority.

E. Charge For Turning Water Off and On For Non-Payment of Bills. The Water Department is hereby authorized to charge a fee, in an amount as established from time to time by Resolution, for turning water supply off and on for non-payment of bills as provided by Section 6.C. of these Rules and Regulations.

F. Lien For Unpaid Water Rates. The face amount of the bills shall be due and payable on or before the due date shown on the bill. All bills shall be payable to the Authority. If payment on said bill is not received by the due date as shown on the bill, a penalty of ten percent (10%) shall be added, and interest shall accrue thereon at the rate of nine percent (9%) per annum from the date of filing of the Lien. Any unpaid water rents, together with penalties and interest thereon to the extent permitted by law, and all delinquent costs, shall be a Lien on the assessed property, which may be collected by an action in assumpsit, by distress and/or by a Lien filed in the nature of a Municipal Claim and/or by any other remedies provided by law.

In addition, any costs and/or reasonable attorney's fees incurred by the Authority, or its agent, shall be added to the unpaid water rent, along with penalties and interest as set forth above, and the aggregate of the same shall be entered as a Lien on the property served. The delinquent water rent, costs and reasonable legal fees incurred, as well as the penalty and interest, shall be collected by the designated agent of the Authority.

G. Customer Requested Termination of Service. When premises are unoccupied, the customer shall notify the Authority, or its Agent, in writing, and the water will be turned off, and all charges for water will cease from the date that the notice is received by the Authority, or its agent. When the property is again occupied, the customer shall again notify the Authority, or its agent, in writing, and the water will be turned on. No allowance or refund will be made for unoccupied property when written notice, both at time of vacancy and at time of occupancy, has not been given, as provided in this Ordinance. The Authority will charge a turn-on fee in accordance with the fee schedule established by the Authority.

(1) Temporary Termination. Any requests for a duration of less than one (1) year is considered a temporary termination of service. In such cases, the meter will be removed, and the water turned off at the curb cock. The charge for reinstatement of service will be in accordance with the fee schedule established by the Authority.

(2) Permanent Termination. Terminations for a period of greater than one (1) year are considered permanent terminations of service. In such cases, the meter will be removed, and the water disconnected at the curb cock or street. The charge for reinstatement of service will be in accordance with the fee schedule established by the Authority.

(3) Temporary terminations become permanent after one (1) year unless arrangements are made by the customer for a time extension of the temporary termination.

## **Section 8. METERS.**

A. Size of Meters. The size of water meters will be selected as specified and in accordance with the Standard Technical Specifications and Requirements For the Construction of Water Mains and Appurtenances, approved by the Authority

B. Ownership of Meters. All meters and remote meters, except in the case of new construction and improper maintenance by owner, shall be furnished by the Authority, or its agent. The meter and/or remote meter shall become the property of the Authority, or its agent, and be accessible to and subject to its control. They shall be conveniently located at a point approved by the Authority, or its agent. If indoors, shall be placed not less than six (6) inches nor more than forty-eight (48) inches above the floor at a readily accessible location, safe from freezing and vandalism, and shall have

a shut off valve ahead of the meter. The property owner may, at his cost and option, have the meter installed in an outside frost-proof box at an accessible location, subject to the Authority's specifications and approval. A bypass shall be installed in all meters one and one-half (1M) inches or larger, excluding fire meters, whether installed inside a building or in a meter pit. The valve on the bypass shall be sealed by the Authority, or its agent, and shall remain sealed at all times except when the meter is removed for servicing by the Authority, or its agent.

C. Location of Meters. The location of meters will be selected as specified and in accordance with the Standard Technical Specifications and Requirements For the Construction of water Mains and Appurtenances, approved by the Authority

D. Protection of Meters. The customer shall be responsible to the Authority, or its agent, for any injury to or loss of any meter arising out of or caused by customer's negligence or carelessness, or that of his servants, agents, employees, or any person upon his premises, under, or by authority of, his consent or sufferance. The customer shall permit no one, not an agent of the Authority or otherwise lawfully authorized to do so, to remove, inspect or tamper with the Authority's meter or other property of the Authority on his premises.

E. Meter Testing.

(1) All water meters are carefully tested by the Authority, or its agent, before they are installed and, after their installation, they are tested as frequently as circumstances warrant.

(2) In case of a disputed account involving the question as to the accuracy of a meter, such meter will be tested by the Authority, or its agent upon the request of the customer, in conformity with general practice of water service utilities, upon payment of fees, in accordance with the Authority's fee schedule.

(3) The fee stipulated in the fee schedule shall be payable by the customer, in advance, according to the Authority's fee schedule. In the event that the meter so tested is found to have an error in the registration in excess of four percent (4%), the cost of the test will be borne by the Authority, and the advance fee will be refunded, and the bill rendered, based on the last reading of such meter or meters, shall be corrected accordingly. This correction shall apply both for over or under registration.

(4) The Authority, or its agent, reserves the right to remove and test, at any time, and if such meter is found to be inaccurate, to substitute another meter of the same size, in its place, either permanently or temporarily.

F. Meter Removal. The removal of a meter at a customer's request is subject to charges in accordance with the Authority's fee schedule.

G. Remote Meters. The Authority, or its agent, reserves the right, at its option, to install meters and remote meters on properties of any and all consumers including, but not limited to, domestic, commercial, industrial, public or private consumers, apartment houses, public or private swimming pools, and any and all other uses. The Authority, or its agent, shall have the right and option to restrict meter installation to one (1) meter per service line.

**Section 9. WATER SERVICE**. In order for Authority to provide water service, Authority water mains must be in place along the entire frontage upon public or private roads of the premises to be serviced, and a service line from Authority's water main to the curb must be installed. If Authority water mains do not extend along the entire frontage of the property to be serviced, a water main extension will be required before water service will be provided.

All water line installations shall be constructed in accordance with the Standard Technical Specifications and Requirements For Construction of Water Mains and Appurtenances, approved by the Authority which are incorporated herein by reference.

A. Main Extensions. Authority water mains may not be extended without the approval of Authority. A party/parties who requires an extension of Authority mains in order to receive water service shall file an application to extend water main(s) with Authority. Upon receipt of the application and the project reviews fee, if any, Authority will prepare installation drawings and a Water Main Extension Agreement.

(1) Project Review. Any application to extend Authority water mains to service two (2) or more residential units, or one (1) or more commercial or industrial units, will be subject to preliminary project review by Authority. The applicant shall submit, in addition to the usual application to extend water main(s), plot plans and a non-refundable project review fee. Fees shall be paid in accordance with the Authority's fee schedule.

The project review fee covers legal, engineering and other expenses incurred by Authority in connection with its review of the proposed Plan. Under

no circumstances will any portion of the project review fee be refunded to an applicant.

(2) Water Main Extension Agreements. No extension of Authority water mains will be permitted until the applicant has received the approval of Authority and has entered into a written Water Main Extension Agreement with Authority. The Agreement shall provide, inter alia, that the costs of the water main extension in or along the entire frontage of applicant's property on or along public or private roads, and any additional extension required to connect with the Authority's water mains, shall be borne by applicant. The Agreement shall further provide for the securement by applicant in a manner acceptable to Authority of the full estimated costs of the installation of the necessary lines and appurtenances, including, but not limited to, costs for materials, labor, installation, inspection and testing, supervision and legal and engineering expenses. The Agreement shall specifically state the number of premises to be serviced by the extension. Under no circumstances shall additional premises be serviced in the absence of approval by Authority, which approval shall be conditioned upon compliance with the then existing Authority Rules and Regulations.

In addition, at the time of signing the Agreement, applicant shall pay to the Authority such fees as set by the fee schedule established by the Authority. Tapping fees, as provided by the fee schedule established by the Authority, shall also be paid at the time of the signing of the Agreement. In addition, at the time of signing the Agreement, applicant shall deposit a "Security Deposit" in an amount established by the Authority fee schedule, to be held by the Authority for the payment of charges for repairs to the water main extension and service lines. Authority shall hold the Security Deposit on account for one (1) year from the date the mains are dedicated to the Authority. At the expiration of one (1) year, Authority shall return to applicant all funds which remain in the Security Deposit account, along with an itemized statement of the repair charges which have been satisfied therefrom.

(3) Ownership of Water Main Extensions. All easements shall be dedicated to Authority prior to the construction of any water main extensions. Upon completion of the water main extension, all mains and appurtenances shall be dedicated to Authority.

(4) Size of Lines. The size of pipe to be used in main extensions shall, unless Authority provides otherwise, be a minimum of eight (8) inches for single family residential, and twelve (12) inches for high density residential, commercial and industrial.

(5) Payment For Filling and Flushing Water Lines. Each developer will be charged a flat fee for the water used in filling and flushing new

water lines. This fee is part of the ten percent (100) engineering and overhead estimate that appears in each Extension Agreement, and will be billed in accordance with the fee schedule established by the Authority.

B. Service Connections. Hereafter, only one (1) premise will be supplied through one (1) service pipe.

(1) Application For Service Connections. Application for a water service line, either for a new line or a renewal, must be made by the owner, or authorized agent, of the property requesting the installation. Upon approval of the application, the Authority, or its agent, will install the service line from the main to the curb line. This installation will include the service pipe, curb stop, corporation stop, curb box or any other materials required; all of which shall be the property of the Authority and shall always be accessible to and under its control. The Authority, or its agent, reserves the right to defer the installation of service connections during the winter months until such time as, in the judgment of the Authority, or its agent, conditions are suitable for their expeditious and economical installation. The applicant shall be required to pay all the costs of making the installation of the service line, including labor, materials, equipment and permits.

C. Water Lines From Curb to Premises. Water lines beyond the curb shall be installed and maintained by and at the expense of the customer. All leaks between the curb box and meter must be repaired by the property owner upon discovery. The portion of the water line installed by the customer shall not be less in size and quality than the service line installed in the street by Authority, and shall be laid not less than three (3) feet and six (6) inches below the surface, and shall not be covered until the tap on the main is made and water tested. If any defects in workmanship or materials are found, the service will not be turned on until such defects are remedied. All plumbing connections shall be able to stand a pressure of at least one hundred seventy-five (175) pounds per square inch. Water lines which pass over property owned by persons other than the owner of the premises to be supplied shall not be installed unless the owner of the premises supplied assumes all liability and furnishes a Right-of-Way Agreement in form satisfactory to Authority. The water line from the curb to the premises shall be kept in good condition by the customer under penalty of discontinuance of service by Authority. Authority reserves the right to inspect the plumbing on any premises, and if it shall be found not in conformity with Authority Rules and Regulations, Authority reserves the right to refuse to furnish water until the objectionable or improper work is corrected.

D. Application For Water Service.

(1) Application By Property Owner. Any property owner desiring a supply of water from an existing service connection must make a written application to the

Authority at least three (3) days before service is desired; said application must be properly approved by the Authority, or its duly authorized agent, before the water will be turned on.

(2) New Application Upon Change of Ownership or Change of Service. A new application must be made and approved by the Authority, or its agent, upon any change in ownership or tenancy if in the tenant's name or in the service as described in the previous application, and the Authority, or its agent, shall be at the liberty to discontinue the water supply until such new application has been made and approved.

(3) Special Uses. Applications for permits for special uses of water, and/or any services not specified in these Rules and Regulations, will be reviewed in accordance with the Standard Technical Specifications and Requirements For Construction of Water Mains and Appurtenances as approved by the Authority .

#### E. Miscellaneous Rules.

(1) Connection of Outlets Between Mains and Meters. No connections or outlets will be permitted on the service pipe or pipes supplying any premises between the street main and the meter. All water used must pass through a meter.

(2) Opening and Closing Valves and Curb Stop. Water shall not be turned on for any premises except by a representative of the Authority, or its agent. A plumber, to enable to test his work, may turn water on at a premise for such purpose; in which case he shall immediately turn water off after the test is made.

(3) Two or More Customers on Same Line. Under circumstances where two (2) or more customers are supplied with water from the same service connection in a manner previously, but no longer, permitted by Authority, Authority will, at the expense of property owner(s), replace such service connection by a separate service connection, with curb stop and curb box for each supply whenever such service connection shall, for the purpose of repairs, require the main stop to be closed.

(4) Violation of Rules Where Two (2) or More Customers Are on the Same Service. Where two (2) or more customers or consumers are on the same single service, any violation of the Rules of the Authority by either or any of said customers or consumers, shall be deemed a violation as to all, and Authority may take such action as could be taken against a single customer, except that such action shall not be taken until the innocent customer who is not in violation of Authority's Rules has been given reasonable opportunity to attach his pipes to a separately controlled service connection.

(5) Pressure Reducing Valves. On all new service connections of residential service lines, the customer shall install a pressure reducing valve. On all new service connections of commercial and industrial service lines, the customer shall install a pressure reducing valve where the pressure in the main exceeds seventy (70) pounds per square inch. Maintenance of the above valves is the responsibility of the owner.

(6) Written Permit For Customers or Consumers Who Supply Other Persons or Families. No owner or tenant of any premises supplied with water by Authority will be allowed to supply other persons or families or other premises, except by written permission from Authority. Customers or consumers who violate this Rule shall have their water shut off after a notice of one (1) day, and it may remain so until Authority is satisfied that the Rules and Regulations will be observed.

(7) Consumer May be Required to Submit Report or Statement. Upon written request by the Authority, or its agent, any consumer shall submit a written, verified report or statement listing each and every type of fixture, service or outlet existing or used by the consumer in any particular or specified premises.

#### **Section 10. TAPPING FEES.**

A. General. Tapping fees are payable for any property which connects to the Authority's water system. In order to determine the proper tapping fee, applicants must submit to the Authority, or its agent, for review, information setting forth in writing the type of use that will be made of customer's property and the number and type of services that the customer requires.

B. Tapping Fee Schedule. Tapping fee charges payable by the applicant to the Authority will be calculated in accordance with the Authority's fee schedule.

#### **Section 11. CROSS CONNECTION AND BACKFLOW.**

A. Cross Connections. No connection shall be made between pipes or containers carrying water from any other source with lines carrying water supplied by the Authority.

B. Backflow. All commercial and industrial services shall contain backflow

prevention devices in accordance with the Standard Technical Specifications and Requirements For the Construction of Water Mains and Appurtenances as approved by the Authority.

## **Section 12. GENERAL RULES.**

### **A. Customer Deposits.**

(1) Deposits may be required from customers taking service for a period of less than thirty (30) days, in an amount equal to the estimated gross for such temporary period. Such deposits may be required from all other customers provided that, in no instance, will deposits be required in excess of ' the estimated gross bill for any single billing period, plus one (1) month, the maximum period not to exceed four (4) months, with a minimum of Twenty-Five Dollars (\$25.00).

(2) Deposits shall be returned to the depositor when he shall have paid undisputed bills for service over a period of twelve (12) consecutive months, upon discontinuance of service by the customer and payment of all charges due. Any customer having secured the return of a deposit will not be required to make a new deposit unless the service has been discontinued and the customer's credit standing impaired through failure to comply with tariff provisions.

(3) The payment of any undisputed bill, within the meaning of this Part, shall be payment of the bill with or without discount or penalty, within the due date on the bill, or the payment of any contested bill, payment of which is withheld beyond the period herein mentioned if the dispute is terminated substantially in favor of the customer, and if payment be made by the customer within ten (10) days thereafter.

(4) Any customer having a deposit shall pay bills for water services as rendered in accordance with the Rules of the Authority, and the deposit shall not be considered as payment on account of a bill during the time the customer is receiving water service.

**B. Leaks and Defective Plumbing.** The Authority, or its designated agent, shall not be liable for any damage resulting from leaks, broken pipes, or any other cause occurring to or within any house or building, and it is expressly agreed that no claim shall be made against the Authority for damage caused by bursting or breaking of any main or service pipe, or of any attachment thereto.

All water passing through a meter shall be charged for at the regular rate, and no allowance will be made for excessive consumption due to leaks or waste.

C. Supply of Water.

(1) All contracts for water shall continue in force from month to month, but either party can cancel the contract by giving ten (10) days written notice that the contract shall terminate at a certain future time. For service beginning during a quarterly period, the minimum charge shall be prorated to the regular time of reading of the meter, except that no bill shall be rendered for less than One Dollar (\$1.00).

(2) The Authority shall not be liable for any deficiency or failure in the supply when occasioned by shutting off water to make repairs or connections, or failure for any cause beyond control.

(3) The Authority shall not be liable for any claim or damage arising from a shortage of water, the breaking of machinery or facilities, or any cause beyond its control.

(4) As necessity may arise in case of break, emergency or other unavoidable cause, the Authority, or its agent, shall have the right to temporarily shut off the water supply in order to make necessary repairs, connections, etc., but the Authority, or its agent, will use all reasonable and practicable measures to notify the customer of such discontinuance of service. In such case, the Authority, or its agent, shall not be liable for any damage or inconvenience suffered by the customer, nor in any case for any claim against it at any time for interruption in service, lessening of the supply, inadequate pressure, poor quality of water or any cause beyond its control. The Authority, or its agent, shall have the right to reserve a sufficient supply of water at all times in its reservoirs for fire and other emergencies, and may restrict or regulate the quantity of water used by customers in case of scarcity or whenever the public welfare may require it.

D. Right of Entry Upon Premises of Consumers. The Authority shall have the right, at any time, by or through its agents, officers or employees, to enter in or upon any premises, buildings or dwellings of any kind or nature, owned, occupied or used by any consumer, for the purpose of making inspections, examinations, tests or emergency service repairs.

E. Agents and Employees Lack Authority to Bind the Authority. No agent or employee of the Authority shall have authority to bind it by promise, agreement or representation contrary to this Part.

F. Vacating The Premises.

(1) When the premises is vacated, the customer must give proper notice to the Authority so that the water may be turned off, and the customer will be responsible for all charges for water service until such notice is given.

(2) A new application must be made on any change in occupancy of the property, as described in the application, and the Authority may discontinue the supply of water until such new application has been made and approved.

(3) Applications may be refunded by the Authority for proper cause.

(4) Contracts may be canceled by the Authority for proper cause, upon giving five (5) days notice of such cancellation.

(5) Charges associated with temporarily vacated premises and the water shut off for the period of vacancy upon the consumer's request will be payable in accordance with the Authority's fee schedule.

G. Changing of Rules and Regulations. The Authority reserves the right to change or amend, from time to time, these Rules and Regulations for the use of water.

H. Water Conservation Standards. The Water Conservation Standards adopted by the Authority in accordance with Delaware River Basin Commission ("DRBC") operative Resolutions enacted from time to time and incorporated herein by reference.

**SECTION 13. SEVERABILITY.** The provisions of this Resolution are severable, and if any of its provisions shall be held to be illegal, invalid or unconstitutional, the decisions of the Court so holding shall not affect or impair any of the remaining provisions of this Ordinance. It is hereby declared by the Authority that this Resolution would have been adopted if such illegal, invalid or constitutional provision or provisions had not been included herein.

**SECTION 14. EFFECTIVE DATE.** This Resolution shall become effective immediately upon enactment.

ADOPTED, this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 2002.

NORTH COVENTRY WATER AUTHORITY

BY: \_\_\_\_\_(SEAL)  
Chair

ATTEST: \_\_\_\_\_(SEAL)  
Secretary

# NORTH COVENTRY WATER AUTHORITY

## RESOLUTION NO. 2025-5

**A RESOLUTION OF THE NORTH COVENTRY WATER AUTHORITY, CHESTER COUNTY, PENNSYLVANIA, ESTABLISHING A TAPPING FEE FOR THE PRIVILEGE OF CONNECTING TO AND USING THE PUBLIC WATER SYSTEM OPERATED BY THE AUTHORITY UNDER A LEASE WITH THE TOWNSHIP, FOLLOWING THE METHOD REQUIRED BY MUNICIPAL AUTHORITIES ACT, AS SET FORTH IN EXHIBIT A, ESTABLISHING DEFINITIONS, AND REPEALING ALL RESOLUTIONS IN CONFLICT THEREWITH.**

**WHEREAS**, the NORTH COVENTRY WATER AUTHORITY (hereinafter referred to as “NCWA” or “Authority”) is an Authority organized and existing under the laws of the Commonwealth of Pennsylvania; and

**WHEREAS**, NCWA operates a public water distribution system leased to the Authority by North Coventry Township (hereinafter referred to as “TOWNSHIP”); and

**WHEREAS**, the Authority desires to establish a "Tapping Fee" for the privilege of connecting to the public water distribution system for customers within the NCWA service area in accordance with the requirements of 53 Pa. C.S. §5607(d)(24) of the Municipal Authorities Act, as amended and supplemented.

**NOW, THEREFORE**, be it resolved by the Authority, and it is hereby resolved that:

**SECTION 1.** A Connection fee, Customer Facilities fee, and a Tapping fee, as those terms are defined by 53 Pa. C.S.A. 5607(d)(24) for the privilege of connecting an Economic Unit located in the service area of Authority to the public water distribution system, are hereby established as follows:

1. Connection fee - actual cost. The customer shall place in escrow with the Authority an amount equal to the cost estimated by the Authority Engineer for connection to the public water distribution system.

2. Customer Facilities fee - actual cost, customer is required to arrange, have constructed and pay the cost directly to an independent contractor subject to the work being inspected by Authority.

3. Tapping fee:		
a.	Capacity part:	\$ 0.00
b.	Distribution part:	\$7,725.00
c.	Special part:	\$ 0.00
d.	Reimbursement part:	<u>\$ 0.00</u>
<b>Total Tapping fee per EDU</b>		<b>\$7,725.00</b>

**For each use not specifically identified in Exhibit “B,” the Authority shall assess a tapping fee based on \$47.75 per gallon per day (GPD) as determined in accordance with Section 6 of this Resolution.**

**SECTION 2.** The Tapping fee and an escrow for the Connection fee shall be paid by written application to the Authority and a payment receipt issued by the Authority prior to the issuance of a Permit for the work, unless otherwise agreed pursuant to 53 Pa. C.S. §5607(d)(24).

**SECTION 3.** The calculation of the Tapping Fee set forth in Section 1 is based on the requirements contained in 53 Pa. C.S. §56074(D)(24) has been performed by the Authority engineer, as set forth in the Maximum Allowable Tapping Fee chart that is attached hereto, made part hereof, and marked **Exhibit “A”**. In addition, a Schedule of Equivalent Dwelling Units (EDUs) for Type of Use based on the calculation of 162.5 gallons per day per EDU is attached hereto, made part hereof, and marked **Exhibit “B.”**

**SECTION 4.** The following terms as used in this Resolution shall have the meanings as hereinafter set forth:

**Economic Unit** - any unit of any improved or to be improved property, whether for lease or sale, occupied by owner or tenant, vacant or occupied, which shall be or has been constructed or altered for the purpose of use for human habitation or for the purpose or use for purposes other than human habitation independently of any other unit on said property and is being so used or about to be so used. For purposes of this Resolution, apartments and multiple dwelling units in the same building, or independent, self-sufficient dwelling areas located on the same lot or in the same building as a non-residential use or uses, shall be considered individual economic units for purposes of imposing and/or calculating the Tapping Fee to be paid for the privilege of connecting the property to the public water distribution system of the Authority.

**EDU** – means equivalent dwelling unit.

**Improved Property** - shall mean any property located within the service area of the Authority, upon which a building or structure is located, and which is intended for continuous or periodic habitation, occupancy or use by human beings or animals, and which may be connected or about to be connected to the public water distribution system.

**SECTION 5.** Where any existing building or structure connected to the water system shall be converted, enlarged, or remodeled, or where an additional building, structure, or use shall be constructed on a property and connected indirectly to the water system through an existing service so as to create or establish additional demand and/or alternate uses to those listed in Exhibit B, an additional Tapping Fee, as authorized by Act 57 of 2003, 53 Pa. C.S.A. §5607 (d)(24), for each such additional use, shall be payable by the owner of the property so improved to the Authority prior to the time said owner obtains a building permit.


**SECTION 6.** Where the table set forth in **Exhibit "B"** shall not contain the specific type of proposed establishment, the Authority, in its reasonable discretion, may assign a projected design daily water demand from a similar type of establishment.

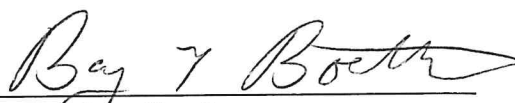
**SECTION 7.** All Resolutions or parts of Resolutions inconsistent herewith are hereby repealed.

**SECTION 8.** This Resolution shall be effective July 1, 2025.

**RESOLVED** this 16<sup>th</sup> day of June, 2025.

**NORTH COVENTRY WATER AUTHORITY**

By:   
Dennis Hullmann, Chairman

Attest:   
Barry Boettlin, Secretary

**NORTH COVENTRY WATER AUTHORITY**  
**Water Distribution System**  
*Exhibit A*

**Update to Tapping Fee based on Act 57 of 2003**

ENR index in 2025                      **13,783**

<b>Tapping Fee (2025)</b>	
Distribution Component	\$ 7,728.34
Treatment Component	<i>Not Applicable</i>
Total:	\$ 7,728.34

Previous Tapping Fee (2024)	
Distribution Component	\$ 7,347.80
Treatment Component	<i>Not Applicable</i>
Total:	\$ 7,347.80

Maximum Allowable Tapping Fee:        \$ 7,728.00

**Recommended for Approval:**            \$ 7,725.00

Approved Fee (2024):                      \$ 7,345.00

**NORTH COVENTRY WATER AUTHORITY**  
**Update to Tapping Fee based on Act 57 of 2003**  
**Exhibit A**

ENR index = 13,783

Water Distribution System

ENR Cost Index

Year	Item	Initial Cost	Contributions or Grants	Net Cost	ENR Cost Index			Adjusted Cost	
					Current Year	Base Year	Index Factor		
2002	12" dia pipe - 7,186 L.F.	\$ 517,392	\$ -	\$ 517,392.00	13783 /	6502	2.12	\$ 1,096,772.37	
2002	10" dia pipe - 1,604 L.F.	\$ 105,864	\$ -	\$ 105,864.00	13783 /	6502	2.12	\$ 224,411.49	
2002	8" dia pipe - 20,116 L.F.	\$ 1,206,960	\$ -	\$ 1,206,960.00	13783 /	6502	2.12	\$ 2,558,525.02	
2002	6" dia pipe - 37,651 L.F.	\$ 2,033,154	\$ -	\$ 2,033,154.00	13783 /	6502	2.12	\$ 4,309,898.74	
2002	4" dia pipe - 4,705 L.F.	\$ 230,545	\$ -	\$ 230,545.00	13783 /	6502	2.12	\$ 488,711.43	
2002	59 Hydrants	\$ 119,770	\$ -	\$ 119,770.00	13783 /	6502	2.12	\$ 253,889.56	
2002	742 Service Connections	\$ 1,317,050	\$ -	\$ 1,317,050.00	13783	6502	2.12	\$ 2,791,894.82	
2002	Elevated Storage Tank	\$ 690,200	\$ -	\$ 690,200.00	13783	6502	2.12	\$ 1,463,092.37	
2002	South Keim Pump Station	\$ 40,600	\$ -	\$ 40,600.00	13783	6502	2.12	\$ 86,064.26	
2002	S. Hanover St. Pump Station	\$ 137,000	\$ -	\$ 137,000.00	13783	6502	2.12	\$ 290,413.87	
2005	Sheep Hill Tank, Trans. Main and Booster Station	\$ 2,069,067	\$ -	\$ 2,069,067.00	13783	7540	1.83	\$ 3,782,221.55	
2012	Main Extensions - Coventry Pointe and Glenmar	\$ 387,757	\$ -	\$ 387,757.00	13783	9386	1.47	\$ 569,407.07	
2022	Sheep Hill Tank Mixer	\$ 9,687	\$ -	\$ 9,687.41	13783	13007	1.06	\$ 10,265.36	
<b>TOTAL</b>		<b>\$ 8,865,046.41</b>						<b>\$ 17,925,567.91</b>	
								Subtotal Adjusted Cost	\$ 17,925,567.91
								Less Outstanding Debt <sup>(1)</sup>	\$ 734,394.00
								Net Cost Basis	\$ 17,191,173.91
								Distribution System Capacity, gpd	360,000
								Unit Cost per Gallon	\$ 47.75
								Capita per House or EDU (Calculated), per 2020 Census	2.49
								Allowable Gallons per Capita, gpcd	65
								Gallons per House or EDU, gpd/EDU	162
								<b>Maximum Tapping Fee (Distribution Component) per EDU</b>	<b>\$ 7,728.34</b>

Notes

- 1) Outstanding Debt (June 30, 2024)

**EXHIBIT "B"**  
**NORTH COVENTRY WATER AUTHORITY**  
Schedule of EDUs for Type of Use

Use of Property to be connected	GPD <sup>(a)</sup>	EDUs <sup>(b)</sup>
1. Each residential dwelling unit or living unit (including each residence whether a detached house, semi-detached house, mobile home, modular home, apartment unit, condominium unit, townhouse, in-law suite, etc.)	162.0	1.000
- Each home office, add to home per person <sup>(c)</sup>	25.0	0.154
2. Each firehouse <sup>(c)</sup>	162.0	1.000
- with on-site staff, add per employee per shift	50.0	0.309
- with social hall, add per seat	30.0	0.185
3. Each church, per seat, minimum 1 EDU	3.0	0.019
- with social hall, per meal served, add per seat	3.0	0.019
4. Each public or private school (per pupil-in accordance with rated pupil capacity, and per teacher and other employees), minimum 1 EDU	15.0	0.093
5. Each day care, pre-school, (per pupil-in accordance with rated pupil capacity, and per teacher and other employees), minimum 1 EDU	15.0	0.093
6. Each nursing home, convalescent home, group home, or retirement home, per bed, minimum 1 EDU.	75.0	0.463
- with adult day care, add per resident	15.0	0.093
7. Each retail gas station or mini-service station, per vehicle, minimum 1 EDU	10.0	0.062
8. Each convenience store, per 1,000 square feet	250.0	1.543
9. Each office, retail store, business, (no food), per 1,000 square feet	250.0	1.543
- with food, add per seat	15.0	0.093
10. Each dentist's office, per practioner <sup>(c)</sup>	250.0	1.543
11. Each restaurant, per seat, minimum 1 EDU	10.0	0.062
- add for bar, per seat	2.0	0.012
12. Each fast food restaurant, per seat, minimum 1 EDU	10.0	0.062
13. Each tavern, bar, private club, per seat, minimum 1 EDU	12.0	0.074

(a) All Gallons per Day per Type of Establishment were derived from PADEP's Public Water Supply (PWS) Manual.

(b) All EDUs were derived using the updated planning value of 162 GPD/EDU

(c) Gallons per Day derived from NCAC Code.

**EXHIBIT "B"**  
**NORTH COVENTRY WATER AUTHORITY**  
Schedule of EDUs for Type of Use

Use of Property to be connected	GPD <sup>(a)</sup>	EDUs <sup>(b)</sup>
14. Each motel, hotel, temporary lodging establishment, per room, minimum 1 EDU	100.0	0.617
15. Each warehouse, per capita, minimum 1 EDU	35.0	0.216
16. Each self serve car wash <sup>(c)</sup>	1200.0	7.407
- with no recycle, per bay		
- with automatic recycle, per bay (specific to type of car wash)	400-600	~2.5-4.0
17. Each barber shop, per chair	200.0	1.235
18. Each beauty shop, per chair	200.0	1.235
19. Each Laundromat, per washer	200.0	1.235

(a) All Gallons per Day per Type of Establishment were derived from PADEP's Public Water Supply (PWS) Manual.

(b) All EDUs were derived using the updated planning value of 162 GPD/EDU

(c) Gallons per Day derived from NCAC Code.

**NORTH COVENTRY WATER AUTHORITY**  
**RESOLUTION NO. 2025-04**

**A RESOLUTION OF THE NORTH COVENTRY WATER AUTHORITY,  
CHESTER COUNTY, PENNSYLVANIA,  
AMENDING THE FEE SCHEDULE FOR THE RATES CHARGED FOR  
PUBLIC WATER PROVIDED BY NORTH COVENTRY WATER  
AUTHORITY AND PROVIDING FOR THE REPEAL OF  
INCONSISTENT AND CONFLICTING RESOLUTIONS**

**WHEREAS**, the NORTH COVENTRY WATER AUTHORITY (hereinafter referred to as “NCWA” or “Authority”) is an Authority organized and existing under the laws of the Commonwealth of Pennsylvania; and

**WHEREAS**, NCWA operates a public water distribution system leased to the Authority by North Coventry Township (hereinafter referred to as “NCT”); and

**WHEREAS**, NCWA desires to modify the rates charged to its customers effective July 1, 2025; and

**NOW, THEREFORE**, be it resolved by the Authority, and it is hereby resolved that:

1. **Water Rates and Usage Charges.**

<u>Water Rate</u>	
\$9.50	Per thousand gallons

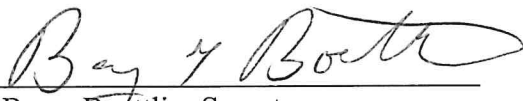
2. **Inspection Fees.** The Authority shall charge the sum of \$150.00 to cover the cost of each public water lateral inspection upon the sale or transfer of real estate serviced by the Authority’s public water system.

3. This Resolution shall be effective on July 1, 2025.

**RESOLVED** this 16<sup>th</sup> day of June, 2025.

NORTH COVENTRY WATER AUTHORITY

By:   
Dennis Hullmann, Chairman

Attest:   
Barry Boettlin, Secretary

\*\*\*\*\*

**Exhibit G**

*Audited Financial Statements of NCMA*

\*\*\*\*\*

***NORTH COVENTRY WATER AUTHORITY***  
***(A Component Unit of North Coventry Township)***

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2024 and 2023**

## TABLE OF CONTENTS

	Pages
<b>ORGANIZATION</b> .....	1
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	2 - 4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of Net Position.....	5 - 6
Statements of Revenues, Expenses, and Changes in Net Position.....	7
Statements of Cash Flows.....	8 - 9
Notes to Basic Financial Statements.....	10 - 23
<b>SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule.....	24

**NORTH COVENTRY WATER AUTHORITY**

**ORGANIZATION**

**June 30, 2024**

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**MEMBERS OF THE BOARD:**

Dennis Hullmann	Chairman
Mike Gammon	Vice Chairman
Barry Boettlin	Secretary
Timothy D. Forester, CPA	Treasurer
Linda Knox	Assistant Secretary
Ken Bickel	Assistant Treasurer
Keith Learn	Chairman Pro-Tem

**SOLICITOR:**

Gregory W. Philips, Esquire  
Yergey-Daylor-Allebach-Scheffey-Picardi  
1129 High Street  
PO Box 776  
Pottstown, PA 19464

**ENGINEER:**

Josh James  
Spotts, Stevens & McCoy, Inc.  
PO Box 6307  
Wyomissing, PA 19610-0307

**GENERAL MANAGER:**

John Cooney  
North Coventry Municipal Authority  
1485 East Schuylkill Road  
Pottstown, PA 19464

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Board  
North Coventry Water Authority  
Pottstown, Pennsylvania**

**Opinion**

We have audited the accompanying financial statements of the North Coventry Water Authority (the "Authority"), a component unit of North Coventry Township, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Coventry Water Authority as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Coventry Water Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Coventry Water Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Coventry Water Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Coventry Water Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the North Coventry Water Authority's basic financial statements. The accompanying budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 17, 2024**

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF NET POSITION**

	June 30	
	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 358,481	\$ 329,859
Restricted cash - developer's escrow	42,964	49,979
Accounts receivable, net of allowance of \$15,355 - 2024 and 2023	245,335	215,083
Due from North Coventry Township - hydrant billings	8,740	8,740
Inventory	7,745	7,745
Other current assets	17,793	17,760
	<b>681,058</b>	<b>629,166</b>
<b>NONCURRENT ASSETS</b>		
Capital assets not being depreciated:		
Land	100,507	100,507
Construction in process	12,562	78,013
Capital assets being depreciated:		
Water distribution system	6,695,463	6,695,463
Equipment	348,554	286,936
Less accumulated depreciation	(2,689,235)	(2,488,245)
Right-to-use lease asset, net of accumulated amortization	533,636	721,977
Capital assets, net	5,001,487	5,394,651
Other asset - liened receivables	17,821	25,784
	<b>5,019,308</b>	<b>5,420,435</b>
	<b>\$ 5,700,366</b>	<b>\$ 6,049,601</b>

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**  
**STATEMENTS OF NET POSITION - CONTINUED**

	June 30	
	2024	2023
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 41,188	\$ 46,772
Due to North Coventry Municipal Authority	2,370	2,370
Due to developers	42,964	49,979
Payroll and related taxes withheld	1,189	1,123
Other current liabilities	1,539	6,476
Note payable, current	131,000	127,000
Lease payable, current	192,000	183,000
	412,250	416,720
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NONCURRENT LIABILITIES</b>		
Note payable	-	131,000
Lease payable	411,394	603,254
	411,394	734,254
<b>TOTAL NONCURRENT LIABILITIES</b>		
	823,644	1,150,974
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION</b>		
Net investment in capital assets	4,267,093	4,350,397
Unrestricted net position:		
Unrestricted - board designated for capital projects	50,000	220,000
Unrestricted	559,629	328,230
	4,876,722	4,898,627
<b>TOTAL NET POSITION</b>		
<b>TOTAL LIABILITIES AND NET POSITION</b>		
	\$ 5,700,366	\$ 6,049,601

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Year Ended June 30	
	2024	2023
<b>OPERATING REVENUES</b>		
Water fees	\$ 1,000,105	\$ 972,930
Inspection and service fees	13,933	3,420
Rental income	32,501	31,554
	<b>1,046,539</b>	<b>1,007,904</b>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Water purchases	370,933	377,947
Depreciation and amortization	389,331	366,381
Administrative fees	83,496	81,000
Repairs and maintenance - system and equipment	55,808	52,364
Legal fees	11,225	8,324
Operating supplies	12,867	13,763
Engineering fees	55,527	18,252
Salaries and payroll taxes	8,492	8,087
Office expense	7,240	5,183
Utilities	13,630	13,315
Accounting fees	13,700	10,850
Insurance	7,741	6,698
Bank charges	300	300
Fire hydrant maintenance - repair and replacement	8,508	2,821
Computer expense	3,980	4,064
Miscellaneous expense	5,291	7,483
	<b>1,048,069</b>	<b>976,832</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>31,072</b>
	(1,530)	31,072
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Tapping fees	6,800	6,800
Interest income	12,393	787
Grant income	-	175,000
Interest expense	(39,568)	(36,344)
	<b>(20,375)</b>	<b>146,243</b>
	<b>CHANGE IN NET POSITION</b>	<b>177,315</b>
	(21,905)	177,315
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>4,898,627</b>	<b>4,721,312</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 4,876,722</b>	<b>\$ 4,898,627</b>

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF CASH FLOWS**

	Year Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 1,024,217	\$ 1,029,417
Payments to suppliers for goods and services	(650,489)	(600,828)
Payments to employees for services	(8,426)	(8,056)
	<u>365,302</u>	<u>420,533</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources	-	175,000
Change in developer's escrow	(7,015)	3,274
	<u>(7,015)</u>	<u>178,274</u>
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Tapping fees	6,800	6,800
Acquisition of capital assets	(6,445)	(753,983)
Interest expense	(39,568)	(36,344)
Repayment of note payable	(127,000)	(123,000)
Repayment of lease payable	(182,860)	(174,631)
	<u>(349,073)</u>	<u>(1,081,158)</u>
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	12,393	787
	<u>12,393</u>	<u>787</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		
	21,607	(481,564)
<b>CASH AT BEGINNING OF YEAR</b>		
	<u>379,838</u>	<u>861,402</u>
<b>CASH AT END OF YEAR</b>		
	<u>\$ 401,445</u>	<u>\$ 379,838</u>
<b>RECONCILIATION OF CASH AT END OF YEAR TO STATEMENTS OF NET POSITION</b>		
Cash	\$ 358,481	\$ 329,859
Restricted cash - developer's escrow	42,964	49,979
	<u>\$ 401,445</u>	<u>\$ 379,838</u>

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**  
**STATEMENTS OF CASH FLOWS - CONTINUED**

	Year Ended June 30	
	2024	2023
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,530)	\$ 31,072
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	389,331	366,381
Disposal of construction in process	10,278	-
Change in assets and liabilities:		
Accounts receivable (including related parties)	(22,289)	21,013
Other current assets	(33)	500
Accounts payable (including related parties)	(5,584)	(4,940)
Payroll and related taxes withheld	66	31
Other current liabilities	(4,937)	6,476
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 365,302</b>	<b>\$ 420,533</b>

See accompanying notes.

## **NORTH COVENTRY WATER AUTHORITY**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

The North Coventry Water Authority (the "Authority"), a component unit of North Coventry Township, is a government entity created pursuant to an ordinance of the Township of North Coventry, Chester County, under an Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382 as amended and supplemented, known as the "Municipality Authorities Act of 1945." The certificate of incorporation of the Authority was issued by the Secretary of the Commonwealth of Pennsylvania on December 30, 1998.

The Authority was formed to develop a comprehensive plan for the supply and distribution of municipal water within North Coventry Township. The Authority provides water service to residential and commercial customers.

The governing body of the Authority is a board consisting of seven members, each of whom is appointed by the North Coventry Township board of supervisors.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of North Coventry Water Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### **A. Financial Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Authority and its component units, if applicable.

The Authority used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (municipalities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**A. Financial Reporting Entity - continued**

Based on the foregoing criteria, the North Coventry Water Authority has determined it does not have any component units, but is itself a component unit of the Township of North Coventry. North Coventry Township appoints the Authority's board members and can significantly influence the activities of the Authority. These financial statements represent the activity of the North Coventry Water Authority only, and do not reflect any activity of the primary government.

**B. Basis of Presentation**

The Authority is a special purpose government and as such all activities are accounted for within a single proprietary (enterprise) fund and are classified as a business-type activity. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Operating and Nonoperating Revenues and Expenses**

Operating revenues and expenses are distinguished from nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for water usage. When calculating user fees charged to customers, the Authority includes a component for the repayments of principal on the Authority's outstanding debt. Operating expenses include the cost of purchasing water, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Connecting and tapping fees are not refundable and therefore recognizable as revenue upon collection. They are reported as nonoperating revenue on the statements of revenues, expenses, and changes in net position.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**C. Measurement Focus and Basis of Accounting - continued**

The Authority's proprietary activity is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and all liabilities associated with operations are included on the statements of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated into net investment in capital assets, restricted, and unrestricted elements. Revenues are reported when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when eligibility requirements are met.

**D. Budgetary Accounting**

The Authority adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended and unencumbered appropriations in the operating budget lapse at the end of the year. No appropriation for a capital project in the capital budget lapses until the purpose for which the funds were appropriated has been accomplished or abandoned.

**E. Financial Position**

**1. Cash and Cash Equivalents**

For purposes of reporting cash flows, the Authority considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

**2. Restricted Developer's Escrow Cash**

The restricted developer's escrow cash represents cash received by the Authority from developers to cover the Authority's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with the approved plans.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**3. Investments**

The Authority is permitted to invest in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of net position.

As of June 30, 2024 and 2023, the Authority had no investments.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**4. Accounts Receivable**

The Authority provides continuous services to its customers. Billings are provided to customers on a quarterly basis by bills dated the 15th day of January, April, July, and October of each year for the quarterly calendar period immediately preceding the date of the bill. Included in accounts receivable at June 30, 2024 and 2023 were unbilled fees of \$232,427 and \$208,597, respectively.

All accounts receivable are shown net of an allowance for uncollectibles, as applicable. Accounts receivable are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Accounts receivable are written off when deemed uncollectable. Recoveries of accounts receivable previously written off are recorded when received. The Authority has set up an allowance for uncollectible accounts of \$15,355 at both June 30, 2024 and 2023.

**5. Liened Receivables**

Liened receivables are accounts that are in arrears which are included on the statements of net position as noncurrent assets. These customer accounts are secured by a lien placed on the customer's property. Although ultimately collectible, these receivables are not collectible in the current period.

**6. Inventory**

Inventory consists of meters, parts, and water in tanks. Inventory is valued at average cost.

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**7. Capital Assets, Depreciation, and Amortization**

The Authority's capital assets with useful lives of more than one year are stated at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated acquisition value of the item at the date of its donation. Right-to-use lease assets are reported when a qualifying lease liability is incurred.

The Authority generally capitalizes assets with a cost of \$4,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$4,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in nonoperating revenues (expenses).

Capital assets are depreciated/amortized using the straight-line method. Estimated useful lives for depreciable and amortizable assets are as follows:

Water distribution system	20 - 40 years
Equipment	5 - 7 years
Right-to-use lease asset	25 years

The Authority capitalizes as construction in process, the costs incurred related to the construction and pre-construction phase of buildings, water systems, and related equipment. These costs include engineering, legal fees, and direct contractor costs. The Authority's policy is to capitalize these costs to an appropriate capital asset account when the project is completed and placed in service. If the Authority's management elects to discontinue a project beyond the pre-construction phase, any costs incurred to that point are then expensed.

As developers complete developments and dedicate and convey the water system to the Authority, the value of the system is capitalized with a respective capital contribution recognized after nonoperating revenues and expenses in the statements of revenues, expenses, and changes in net position.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**8. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The Authority periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the Authority's long-lived assets were considered to be impaired as of June 30, 2024.

**9. Leases**

North Coventry Water Authority is a lessee for a noncancellable lease of a water distribution system. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statements of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the Authority is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**9. Leases - continued**

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with noncurrent liabilities on the statements of net position.

**10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority presently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority presently does not have any items that qualify for reporting in this category.

**11. Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources and is classified into three categories, as applicable, as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and related debt. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should be added to or deducted from the overall net investment in capital assets.
- Restricted net position is an amount that has externally imposed restrictions on how the funds can be spent.
- Unrestricted net position is an amount that does not meet the definitions of "net investment in capital assets" or "restricted" and is available for Authority operations.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**12. Net Position Flow Assumptions**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's policy to consider restricted resources to have been depleted before unrestricted resources are applied.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH**

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The Authority's cash consists of the following at June 30:

	2024	2023
Deposits	\$ 358,481	\$ 329,859
Restricted deposits	42,964	49,979
	\$ 401,445	\$ 379,838

**Cash**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does have a policy for custodial credit risk and complies with the Commonwealth of Pennsylvania's regulations for municipal authorities. As of June 30, 2024 and 2023, the carrying amount of the Authority's deposits was \$401,445 and \$379,838, respectively, and the bank balance was \$407,031 and \$383,248, respectively. Of the bank balance at June 30, 2024 and 2023, \$250,000 was covered by federal depository insurance, and \$157,031 and \$133,248, respectively, was covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 3 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Balance July 1, 2023	Additions	Deletions (Reclass)	Balance June 30, 2024
<b>Capital assets not being depreciated:</b>				
Land	\$ 100,507	\$ -	\$ -	\$ 100,507
Construction in process	78,013	6,445	(71,896)	12,562
Total not being depreciated	<u>178,520</u>	<u>6,445</u>	<u>(71,896)</u>	<u>113,069</u>
<b>Capital assets being depreciated:</b>				
Water distribution system	6,695,463	-	-	6,695,463
Equipment	286,936	-	61,618	348,554
Total being depreciated	<u>6,982,399</u>	<u>-</u>	<u>61,618</u>	<u>7,044,017</u>
<b>Less accumulated depreciation:</b>				
Water distribution system	2,218,851	184,164	-	2,403,015
Equipment	269,394	16,826	-	286,220
Total accumulated depreciation	<u>2,488,245</u>	<u>200,990</u>	<u>-</u>	<u>2,689,235</u>
Total capital assets being depreciated, net	4,494,154	(200,990)	61,618	4,354,782
<b>Right-to-use lease asset:</b>				
Water distribution system	1,287,000	-	-	1,287,000
<b>Less accumulated amortization:</b>				
Water distribution system	565,023	188,341	-	753,364
Total right-to-use lease asset, net	<u>721,977</u>	<u>(188,341)</u>	<u>-</u>	<u>533,636</u>
Total capital assets, net	<u>\$ 5,394,651</u>	<u>\$ (382,886)</u>	<u>\$ (10,278)</u>	<u>\$ 5,001,487</u>

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 3 - CAPITAL ASSETS - CONTINUED**

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022	Additions	Deletions (Reclass)	Balance June 30, 2023
<b>Capital assets not being depreciated:</b>				
Land	\$ 100,507	\$ -	\$ -	\$ 100,507
Construction in process	151,775	753,983	(827,745)	78,013
Total not being depreciated	<u>252,282</u>	<u>753,983</u>	<u>(827,745)</u>	<u>178,520</u>
<b>Capital assets being depreciated:</b>				
Water distribution system	5,867,718	-	827,745	6,695,463
Equipment	286,936	-	-	286,936
Total being depreciated	<u>6,154,654</u>	<u>-</u>	<u>827,745</u>	<u>6,982,399</u>
<b>Less accumulated depreciation:</b>				
Water distribution system	2,051,326	167,525	-	2,218,851
Equipment	258,879	10,515	-	269,394
Total accumulated depreciation	<u>2,310,205</u>	<u>178,040</u>	<u>-</u>	<u>2,488,245</u>
Total capital assets being depreciated, net	3,844,449	(178,040)	827,745	4,494,154
<b>Right-to-use lease asset:</b>				
Water distribution system	1,287,000	-	-	1,287,000
<b>Less accumulated amortization:</b>				
Water distribution system	376,682	188,341	-	565,023
Total right-to-use lease asset, net	<u>910,318</u>	<u>(188,341)</u>	<u>-</u>	<u>721,977</u>
Total capital assets, net	<u>\$ 5,007,049</u>	<u>\$ 387,602</u>	<u>\$ -</u>	<u>\$ 5,394,651</u>

**NOTE 4 - DUE FROM/DUE TO NORTH COVENTRY TOWNSHIP**

The amount due from North Coventry Township for unpaid hydrant fees at June 30, 2024 and 2023 was \$8,740.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 5 - NOTE PAYABLE**

The Authority's note payable is a direct borrowing and consisted of the following at June 30:

	2024	2023
In December 2002, a \$2,000,000 Guaranteed Water Revenue Note, Series of 2002 was issued. Interest is calculated at a variable rate with maximum interest allowed of 15% (actual interest rate is 4.43% at June 30, 2024 plus a monthly finance charge and 4.77% at June 30, 2023). This note may be prepaid without penalty. The Authority has irrevocably pledged all water revenues derived from the ownership and/or operation of the water facilities as the collateral for this debt. In addition, the note is guaranteed by the full faith, credit, and taxing power of North Coventry Township.	\$ 131,000	\$ 258,000
Less amount classified as current	(131,000)	(127,000)
	\$ -	\$ 131,000

The Authority's note payable transactions consisted of the following for the years ended June 30, 2024 and 2023:

Outstanding Balance July 1, 2022	Repayments	Outstanding Balance June 30, 2023	Repayments	Outstanding Balance June 30, 2024
\$ 381,000	\$ (123,000)	\$ 258,000	\$ (127,000)	\$ 131,000

Principal and interest payments are scheduled as follows for the years ending June 30:

	Principal	Interest*
2025	\$ 131,000	\$ 2,899
	\$ 131,000	\$ 2,899

\*Interest is calculated at the interest rate in effect at June 30, 2024 (4.43%).

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 6 - LEASE PAYABLE**

The Authority has entered into a 25-year lease agreement, effective April 1, 2002, with North Coventry Township (primary government) for the operation of the water distribution system. The lease agreement is for the Authority's portion of the outstanding principal on the Guaranteed Water Revenue Note, Series of 2001 held by the Township. Interest on the lease is 0.83% and is payable with principal annually. The lease is guaranteed by the water revenues generated by customer service fees.

The Authority's lease obligation transactions consisted of the following for the years ended June 30, 2024 and 2023:

Outstanding Balance July 1, 2022	Repayments	Outstanding Balance June 30, 2023	Repayments	Outstanding Balance June 30, 2024
\$ 960,885	\$ (174,631)	\$ 786,254	\$ (182,860)	\$ 603,394

The Authority's lease obligation matures as follows for the years ending June 30:

	Principal	Interest	Total Payments
2025	\$ 192,000	\$ 5,005	\$ 197,005
2026	201,000	3,411	204,411
2027	210,394	1,743	212,137
Total	<u>\$ 603,394</u>	<u>\$ 10,159</u>	<u>\$ 613,553</u>

**NOTE 7 - OPERATING AGREEMENT DUE TO/FROM NORTH COVENTRY MUNICIPAL AUTHORITY**

North Coventry Water Authority has an agreement with North Coventry Municipal Authority (NCMA) to execute substantially all of the operational and administrative aspects of the operation of the water system. During the years ended June 30, 2024 and 2023, \$83,496 and \$81,000, respectively, of administrative fee expenses were recognized under the terms of this agreement, with a balance due to NCMA at June 30, 2024 and 2023 of \$2,370.

NCMA collects both water and sewer fees and deposits the fees in a clearing account until reconciled between the two entities. There was no balance due to or from NCMA at June 30, 2024 and 2023 for clearing account deposits.

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 8 - RISK MANAGEMENT**

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The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Authority retains risk of loss. There were no reductions in insurance coverage for the years ended June 30, 2024 and 2023, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS**

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the Authority's fiscal year ending June 30, 2025.
- Statement No. 102, *Certain Risk Disclosures* - The primary objective of this statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. This statement is effective for the Authority's fiscal year ending June 30, 2025.
- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for the Authority's fiscal year ending June 30, 2026.
- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for the Authority's fiscal year ending June 30, 2026.

The Authority has not yet completed the analysis necessary to determine the financial statement impact of these new pronouncements.

**SUPPLEMENTARY INFORMATION**

**NORTH COVENTRY WATER AUTHORITY**

**BUDGETARY COMPARISON SCHEDULE**

**Year Ended June 30, 2024**

	<u>Budget *</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Water fees	\$ 972,436	\$ 1,000,105	\$ 27,669
Inspection and service fees	4,000	13,933	9,933
Rental income	31,500	32,501	1,001
<b>TOTAL OPERATING REVENUES</b>	<b>1,007,936</b>	<b>1,046,539</b>	<b>38,603</b>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Water purchases	357,150	370,933	(13,783)
Depreciation and amortization/debt service	310,000	389,331	(79,331)
Administrative fees	85,000	83,496	1,504
Repairs and maintenance - system and equipment	48,000	55,808	(7,808)
Legal fees	21,500	11,225	10,275
Operating supplies	13,500	12,867	633
Engineering fees	25,000	55,527	(30,527)
Salaries and payroll taxes	11,000	8,492	2,508
Office expense	8,000	7,240	760
Utilities	15,000	13,630	1,370
Accounting fees	12,250	13,700	(1,450)
Insurance	8,500	7,741	759
Bank charges	600	300	300
Fire hydrant maintenance - repair and replacement	10,000	8,508	1,492
Computer expense	5,000	3,980	1,020
Miscellaneous expense	8,500	5,291	3,209
<b>TOTAL OPERATING AND ADMINISTRATIVE EXPENSES</b>	<b>939,000</b>	<b>1,048,069</b>	<b>(109,069)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>68,936</b>	<b>(1,530)</b>	<b>(70,466)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Tapping fees	-	6,800	6,800
Interest income	500	12,393	11,893
Interest expense	(50,000)	(39,568)	10,432
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(49,500)</b>	<b>(20,375)</b>	<b>29,125</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 19,436</b>	<b>(21,905)</b>	<b>\$ (41,341)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>		<b>4,898,627</b>	
<b>NET POSITION - END OF YEAR</b>		<b>\$ 4,876,722</b>	

\* Original and final budget are the same.

***NORTH COVENTRY WATER AUTHORITY***  
***(A Component Unit of North Coventry Township)***

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2023 and 2022**

## TABLE OF CONTENTS

	Pages
<b>ORGANIZATION</b> .....	1
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	2 - 4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of Net Position.....	5 - 6
Statements of Revenues, Expenses, and Changes in Net Position.....	7
Statements of Cash Flows.....	8 - 9
Notes to Basic Financial Statements.....	10 - 23
<b>SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule.....	24

**NORTH COVENTRY WATER AUTHORITY**

**ORGANIZATION**

**June 30, 2023**

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**MEMBERS OF THE BOARD:**

Dennis Hullmann	Chairman
Mike Gammon	Vice Chairman
Barry Boettlin	Secretary
Timothy D. Forester, CPA	Treasurer
Linda Knox	Assistant Secretary
Ken Bickel	Assistant Treasurer
Keith Learn	Chairman Pro-Temp

**SOLICITOR:**

Gregory W. Philips, Esquire  
Yergey-Daylor-Allebach-Scheffey-Picardi  
1129 High Street  
PO Box 776  
Pottstown, PA 19464

**ENGINEER:**

Darryl Jenkins  
Spotts, Stevens & McCoy, Inc.  
PO Box 6307  
Wyomissing, PA 19610-0307

**GENERAL MANAGER:**

John Cooney  
North Coventry Municipal Authority  
1485 East Schuylkill Road  
Pottstown, PA 19464

## INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board  
North Coventry Water Authority  
Pottstown, Pennsylvania**

### **Opinion**

We have audited the accompanying financial statements of the North Coventry Water Authority (the "Authority"), a component unit of North Coventry Township, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Coventry Water Authority as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Coventry Water Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Coventry Water Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Coventry Water Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Coventry Water Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the North Coventry Water Authority's basic financial statements. The accompanying budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 18, 2023**

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF NET POSITION**

	June 30	
	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 329,859	\$ 814,697
Restricted cash - developer's escrow	49,979	46,705
Accounts receivable, net of allowance of \$15,355 - 2023 and 2022	215,083	233,996
Due from North Coventry Township - hydrant billings	8,740	8,740
Inventory	7,745	7,745
Other current assets	17,760	18,260
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	629,166	1,130,143
<b>NONCURRENT ASSETS</b>		
Capital assets not being depreciated:		
Land	100,507	100,507
Construction in process	78,013	151,775
Capital assets being depreciated:		
Water distribution system	6,695,463	5,867,718
Equipment	286,936	286,936
Less accumulated depreciation	(2,488,245)	(2,310,205)
Right-to-use lease asset, net of accumulated amortization	721,977	910,318
Capital assets, net	5,394,651	5,007,049
Other asset - liened receivables	25,784	27,884
	<hr/>	<hr/>
<b>TOTAL NONCURRENT ASSETS</b>	5,420,435	5,034,933
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 6,049,601</b>	<b>\$ 6,165,076</b>

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**  
**STATEMENTS OF NET POSITION - CONTINUED**

	June 30	
	2023	2022
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 46,772	\$ 51,712
Due to North Coventry Municipal Authority	2,370	2,370
Due to developers	49,979	46,705
Payroll and related taxes withheld	1,123	1,092
Other current liabilities	6,476	-
Note payable, current	127,000	123,000
Lease payable, current	183,000	175,000
	<u>416,720</u>	<u>399,879</u>
<b>NONCURRENT LIABILITIES</b>		
Note payable	131,000	258,000
Lease payable	603,254	785,885
	<u>734,254</u>	<u>1,043,885</u>
	<b>TOTAL LIABILITIES</b>	<b>1,443,764</b>
	1,150,974	1,443,764
<b>NET POSITION</b>		
Net investment in capital assets	4,350,397	3,665,164
Unrestricted net position:		
Unrestricted - board designated for capital projects	220,000	714,450
Unrestricted	328,230	341,698
	<u>4,898,627</u>	<u>4,721,312</u>
	<b>TOTAL NET POSITION</b>	<b>4,721,312</b>
	4,898,627	4,721,312
	<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 6,165,076</b>
	<u>\$ 6,049,601</u>	<u>\$ 6,165,076</u>

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Year Ended June 30	
	2023	2022
<b>OPERATING REVENUES</b>		
Water fees	\$ 972,930	\$ 1,010,463
Inspection and service fees	3,420	6,013
Rental income	31,554	66,393
	1,007,904	1,082,869
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Water purchases	377,947	394,316
Depreciation and amortization	366,381	361,788
Administrative fees	81,000	79,425
Repairs and maintenance - system and equipment	52,364	36,555
Legal fees	8,324	9,317
Operating supplies	13,763	9,591
Engineering fees	18,252	21,670
Salaries and payroll taxes	8,087	7,547
Office expense	5,183	5,111
Utilities	13,315	12,711
Accounting fees	10,850	9,250
Insurance	6,698	7,894
Bank charges	300	336
Fire hydrant maintenance - repair and replacement	2,821	-
Computer expense	4,064	2,500
Miscellaneous expense	7,483	6,522
	976,832	964,533
<b>TOTAL OPERATING AND ADMINISTRATIVE EXPENSES</b>		
	<b>OPERATING INCOME</b>	<b>118,336</b>
	31,072	118,336
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Tapping fees	6,800	-
Interest income	787	742
Grant income	175,000	-
Interest expense	(36,344)	(13,016)
	146,243	(12,274)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		
	<b>CHANGE IN NET POSITION</b>	<b>106,062</b>
	177,315	106,062
<b>NET POSITION - BEGINNING OF YEAR</b>	4,721,312	4,615,250
	<b>NET POSITION - END OF YEAR</b>	<b>\$ 4,721,312</b>
	\$ 4,898,627	\$ 4,721,312

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF CASH FLOWS**

	Year Ended June 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 1,029,417	\$ 1,089,089
Payments to suppliers for goods and services	(600,828)	(610,040)
Payments to employees for services	(8,056)	(7,410)
	420,533	471,639
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources	175,000	-
Change in developer's escrow	3,274	36,850
	178,274	36,850
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Tapping fees	6,800	-
Acquisition of capital assets	(753,983)	(78,536)
Interest expense	(36,344)	(13,016)
Repayment of note payable	(123,000)	(119,000)
Repayment of lease payable	(174,631)	(167,317)
	(1,081,158)	(377,869)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	787	742
	(481,564)	131,362
<b>CASH AT BEGINNING OF YEAR</b>		
	861,402	730,040
<b>CASH AT END OF YEAR</b>		
	\$ 379,838	\$ 861,402
<b>RECONCILIATION OF CASH AT END OF YEAR TO STATEMENTS OF NET POSITION</b>		
Cash	\$ 329,859	\$ 814,697
Restricted cash - developer's escrow	49,979	46,705
	\$ 379,838	\$ 861,402

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**  
**STATEMENTS OF CASH FLOWS - CONTINUED**

	Year Ended June 30	
	2023	2022
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 31,072	\$ 118,336
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	366,381	361,788
Change in assets and liabilities:		
Accounts receivable (including related parties)	21,013	5,635
Other current assets	500	583
Accounts payable (including related parties)	(4,940)	(14,840)
Payroll and related taxes withheld	31	137
Other current liabilities	6,476	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 420,533</b>	<b>\$ 471,639</b>

See accompanying notes.

## **NORTH COVENTRY WATER AUTHORITY**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

The North Coventry Water Authority (the "Authority"), a component unit of North Coventry Township, is a government entity created pursuant to an ordinance of the Township of North Coventry, Chester County, under an Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382 as amended and supplemented, known as the "Municipality Authorities Act of 1945." The certificate of incorporation of the Authority was issued by the Secretary of the Commonwealth of Pennsylvania on December 30, 1998.

The Authority was formed to develop a comprehensive plan for the supply and distribution of municipal water within North Coventry Township. The Authority provides water service to residential and commercial customers.

The governing body of the Authority is a board consisting of seven members, each of whom is appointed by the North Coventry Township board of supervisors.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of North Coventry Water Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### **A. Financial Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Authority and its component units, if applicable.

The Authority used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (boroughs, townships, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**A. Financial Reporting Entity - continued**

Based on the foregoing criteria, the North Coventry Water Authority has determined it does not have any component units, but is itself a component unit of the Township of North Coventry. North Coventry Township appoints the Authority's board members and can significantly influence the activities of the Authority. These financial statements represent the activity of the North Coventry Water Authority only, and do not reflect any activity of the primary government.

**B. Basis of Presentation**

All activities of the Authority are accounted for within a single proprietary (enterprise) fund and are classified as a business-type activity. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Operating and Nonoperating Revenues and Expenses**

Operating revenues and expenses are distinguished from nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for water usage. When calculating user fees charged to customers, the Authority includes a component for the repayments of principal on the Authority's outstanding debt. Operating expenses include the cost of purchasing water, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Connecting and tapping fees are not refundable and therefore recognizable as revenue upon collection. They are reported as nonoperating revenue on the statements of revenues, expenses, and changes in net position.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**C. Measurement Focus and Basis of Accounting - continued**

The Authority's proprietary activity is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and all liabilities associated with operations are included on the statements of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated into net investment in capital assets and unrestricted elements. Revenues are reported when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when eligibility requirements are met.

**D. Budgetary Accounting**

The Authority adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended and unencumbered appropriations in the operating budget lapse at the end of the year. No appropriation for a capital project in the capital budget lapses until the purpose for which the funds were appropriated has been accomplished or abandoned.

**E. Financial Position**

**1. Cash and Cash Equivalents**

For purposes of reporting cash flows, the Authority considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

**2. Restricted Developer's Escrow Cash**

The restricted developer's escrow cash represents cash received by the Authority from developers to cover the Authority's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with the approved plans.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**3. Investments**

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of net position.

**4. Accounts Receivable**

The Authority provides continuous services to its customers. Billings are provided to customers on a quarterly basis by bills dated the 15th day of January, April, July, and October of each year for the quarterly calendar period immediately preceding the date of the bill. Included in accounts receivable at June 30, 2023 and 2022 were unbilled fees of \$208,597 and \$218,175, respectively.

All accounts receivable are shown net of an allowance for uncollectibles, as applicable. Accounts receivable are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Accounts receivable are written off when deemed uncollectable. Recoveries of accounts receivable previously written off are recorded when received. The Authority has set up an allowance for uncollectible accounts of \$15,355 at both June 30, 2023 and 2022.

**5. Liened Receivables**

Liened receivables are accounts that are in arrears which are included on the statements of net position as noncurrent assets. These customer accounts are secured by a lien placed on the customer's property. Although ultimately collectible, these receivables are not collectible in the current period.

**6. Inventory**

Inventory consists of meters, parts, and water in tanks. Inventory is valued at average cost.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**7. Capital Assets, Depreciation, and Amortization**

The Authority's capital assets with useful lives of more than one year are stated at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the acquisition value of the item at the date of its donation. Right-to-use lease assets are reported when a qualifying lease liability is incurred.

The Authority generally capitalizes assets with a cost of \$4,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$4,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in nonoperating revenues (expenses).

The Authority capitalizes as construction in process, the costs incurred related to the construction and pre-construction phase of buildings, water systems, and related equipment. These costs include engineering, legal fees, and direct contractor costs. The Authority's policy is to capitalize these costs to an appropriate capital asset account when the project is completed and placed in service. If the Authority's management elects to discontinue a project beyond the pre-construction phase, any costs incurred to that point are then expensed.

As developers complete developments and dedicate and convey the water system to the Authority, the value of the system is capitalized with a respective capital contribution recognized after nonoperating revenues and expenses in the statements of revenues, expenses, and changes in net position.

Estimated useful lives for depreciable and amortizable assets are as follows:

Water distribution system	20 - 40 years
Equipment	5 - 7 years
Right-to-use lease asset	25 years

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**E. Financial Position - continued**

**7. Capital Assets, Depreciation, and Amortization - continued**

The Authority capitalizes as construction in process, the costs incurred related to the construction and pre-construction phase of buildings, water systems, and related equipment. These costs include engineering, legal fees, and direct contractor costs. The Authority's policy is to capitalize these costs to an appropriate capital asset account when the project is completed and placed in service. If the Authority's management elects to discontinue a project beyond the pre-construction phase, any costs incurred to that point are then expensed.

**8. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The Authority periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the Authority's long-lived assets were considered to be impaired as of June 30, 2023.

**9. Leases**

North Coventry Water Authority is a lessee for a noncancellable lease of a water distribution system. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statements of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**9. Leases - continued**

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the Authority is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with noncurrent liabilities on the statements of net position.

**10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority presently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority presently does not have any items that qualify for reporting in this category.

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**11. Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources and is classified into three categories, as applicable, as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**12. Net Position Flow Assumptions**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's policy to consider restricted resources to have been depleted before unrestricted resources are applied.

**F. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**G. Adoption of Accounting Standards**

During the year ended June 30, 2023, the Authority adopted new accounting guidance GASB Statement No. 96, retroactive to July 1, 2021. GASB Statement No. 96 was issued to (1) define subscription-based information technology arrangements (SBITAs); (2) establish that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. There was no impact on the financial statements as a result of this standard implementation.

**NOTE 2 - CASH**

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The Authority's cash consists of the following at June 30:

	2023	2022
Deposits	\$ 329,859	\$ 814,697
Restricted deposits	49,979	46,705
	\$ 379,838	\$ 861,402

**Cash**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does have a policy for custodial credit risk and complies with the Commonwealth of Pennsylvania's regulations for municipal authorities. As of June 30, 2023 and 2022, the carrying amount of the Authority's deposits was \$379,838 and \$861,402, respectively, and the bank balance was \$383,248 and \$858,849, respectively. Of the bank balance at June 30, 2023 and 2022, \$250,000 was covered by federal depository insurance, and \$133,248 and \$608,849, respectively, was covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 3 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022	Additions	Deletions (Reclass)	Balance June 30, 2023
<b>Capital assets not being depreciated:</b>				
Land	\$ 100,507	\$ -	\$ -	\$ 100,507
Construction in process	151,775	753,983	(827,745)	78,013
Total not being depreciated	252,282	753,983	(827,745)	178,520
<b>Capital assets being depreciated:</b>				
Water distribution system	5,867,718	-	827,745	6,695,463
Equipment	286,936	-	-	286,936
Total being depreciated	6,154,654	-	827,745	6,982,399
<b>Less accumulated depreciation:</b>				
Water distribution system	2,051,326	167,525	-	2,218,851
Equipment	258,879	10,515	-	269,394
Total accumulated depreciation	2,310,205	178,040	-	2,488,245
Total capital assets being depreciated, net	3,844,449	(178,040)	827,745	4,494,154
<b>Right-to-use lease asset:</b>				
Water distribution system	1,287,000	-	-	1,287,000
<b>Less accumulated amortization:</b>				
Water distribution system	376,682	188,341	-	565,023
Total right-to-use lease asset, net	910,318	(188,341)	-	721,977
Total capital assets, net	\$ 5,007,049	\$ 387,602	\$ -	\$ 5,394,651

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 3 - CAPITAL ASSETS - CONTINUED**

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Balance July 1, 2021 (Restated)	Additions	Deletions (Reclass)	Balance June 30, 2022
<b>Capital assets not being depreciated:</b>				
Land	\$ 100,507	\$ -	\$ -	\$ 100,507
Construction in process	83,729	68,046	-	151,775
Total not being depreciated	<u>184,236</u>	<u>68,046</u>	<u>-</u>	<u>252,282</u>
<b>Capital assets being depreciated:</b>				
Water distribution system	5,857,228	10,490	-	5,867,718
Equipment	286,936	-	-	286,936
Total being depreciated	<u>6,144,164</u>	<u>10,490</u>	<u>-</u>	<u>6,154,654</u>
<b>Less accumulated depreciation:</b>				
Water distribution system	1,890,538	160,788	-	2,051,326
Equipment	246,220	12,659	-	258,879
Total accumulated depreciation	<u>2,136,758</u>	<u>173,447</u>	<u>-</u>	<u>2,310,205</u>
Total capital assets being depreciated, net	4,007,406	(162,957)	-	3,844,449
<b>Right-to-use lease asset:</b>				
Water distribution system	1,287,000	-	-	1,287,000
<b>Less accumulated amortization:</b>				
Water distribution system	188,341	188,341	-	376,682
Total right-to-use lease asset, net	<u>1,098,659</u>	<u>(188,341)</u>	<u>-</u>	<u>910,318</u>
Total capital assets, net	<u>\$ 5,290,301</u>	<u>\$ (283,252)</u>	<u>\$ -</u>	<u>\$ 5,007,049</u>

**NOTE 4 - DUE FROM/DUE TO NORTH COVENTRY TOWNSHIP**

The amount due from North Coventry Township for unpaid hydrant fees at June 30, 2023 and 2022 was \$8,740.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 5 - NOTE PAYABLE**

The Authority's note payable is a direct borrowing and consisted of the following at June 30:

	2023	2022
In December 2002, a \$2,000,000 Guaranteed Water Revenue Note, Series of 2002 was issued. Interest is calculated at a variable rate with maximum interest allowed of 15% (actual interest rate is 4.77% at June 30, 2023 plus a monthly finance charge and 1.64% at June 30, 2022). This note may be prepaid without penalty. The Authority has irrevocably pledged all water revenues derived from the ownership and/or operation of the water facilities as the collateral for this debt. In addition, the note is guaranteed by the full faith, credit, and taxing power of North Coventry Township.	\$ 258,000	\$ 381,000
Less amount classified as current	(127,000)	(123,000)
	\$ 131,000	\$ 258,000

The Authority's note payable transactions consisted of the following for the years ended June 30, 2023 and 2022:

Outstanding Balance <u>July 1, 2021</u>	<u>Repayments</u>	Outstanding Balance <u>June 30, 2022</u>	<u>Repayments</u>	Outstanding Balance <u>June 30, 2023</u>
\$ 500,000	\$ (119,000)	\$ 381,000	\$ (123,000)	\$ 258,000

Principal and interest payments are scheduled as follows for the years ending June 30:

	Principal	Interest*
2024	\$ 127,000	\$ 9,281
2025	131,000	3,126
	\$ 258,000	\$ 12,407

\*Interest is calculated at the interest rate in effect at June 30, 2023 (4.77%).

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 6 - LEASE PAYABLE**

The Authority has entered into a 25-year lease agreement, effective April 1, 2002, with North Coventry Township (primary government) for the operation of the water distribution system. The lease agreement is for the Authority's portion of the outstanding principal on the Guaranteed Water Revenue Note, Series of 2001 held by the Township. Interest on the lease is 0.83% and is payable with principal annually. The lease is guaranteed by the water revenues generated by customer service fees.

The Authority's lease obligation transactions consisted of the following for the years ended June 30, 2023 and 2022:

Outstanding Balance July 1, 2021	Repayments	Outstanding Balance June 30, 2022	Repayments	Outstanding Balance June 30, 2023
\$ 1,128,202	\$ (167,317)	\$ 960,885	\$ (174,631)	\$ 786,254

The Authority's lease obligation matures as follows for the years ending June 30:

	Principal	Interest	Total Payments
2024	\$ 183,000	\$ 6,524	\$ 189,524
2025	192,000	5,005	197,005
2026	201,000	3,411	204,411
2027	210,254	1,743	211,997
Total	<u>\$ 786,254</u>	<u>\$ 16,683</u>	<u>\$ 802,937</u>

**NOTE 7 - OPERATING AGREEMENT DUE TO/FROM NORTH COVENTRY MUNICIPAL AUTHORITY**

North Coventry Water Authority has an agreement with North Coventry Municipal Authority (NCMA) to execute substantially all of the operational and administrative aspects of the operation of the water system. During the years ended June 30, 2023 and 2022, \$81,000 and \$79,425, respectively, of administrative fee expenses were recognized under the terms of this agreement, with a balance due to NCMA at June 30, 2023 and 2022 of \$2,370.

NCMA collects both water and sewer fees and deposits the fees in a clearing account until reconciled between the two entities. There was no balance due to or from NCMA at June 30, 2023 and 2022 for clearing account deposits.

**NORTH COVENTRY WATER AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 8 - RISK MANAGEMENT**

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The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Authority retains risk of loss. There were no reductions in insurance coverage for the years ended June 30, 2023 and 2022, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS**

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for the Authority's fiscal year ending June 30, 2024.
- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the Authority's fiscal year ending June 30, 2025.

The Authority has not yet completed the analysis necessary to determine the financial statement impact of these new pronouncements.

**SUPPLEMENTARY INFORMATION**

**NORTH COVENTRY WATER AUTHORITY**

**BUDGETARY COMPARISON SCHEDULE**

**Year Ended June 30, 2023**

	<u>Budget *</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Water fees	\$ 1,015,700	\$ 972,930	\$ (42,770)
Inspection and service fees	4,500	3,420	(1,080)
Rental income	30,560	31,554	994
<b>TOTAL OPERATING REVENUES</b>	<b>1,050,760</b>	<b>1,007,904</b>	<b>(42,856)</b>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Water purchases	425,000	377,947	47,053
Depreciation and amortization/debt service	298,000	366,381	(68,381)
Administrative fees	81,000	81,000	-
Repairs and maintenance - system and equipment	45,500	52,364	(6,864)
Legal fees	21,500	8,324	13,176
Operating supplies	13,500	13,763	(263)
Engineering fees	25,000	18,252	6,748
Salaries and payroll taxes	10,880	8,087	2,793
Office expense	8,000	5,183	2,817
Utilities	17,000	13,315	3,685
Accounting fees	10,000	10,850	(850)
Insurance	8,500	6,698	1,802
Bank charges	600	300	300
Fire hydrant maintenance - repair and replacement	10,000	2,821	7,179
Computer expense	3,000	4,064	(1,064)
Miscellaneous expense	8,500	7,483	1,017
<b>TOTAL OPERATING AND ADMINISTRATIVE EXPENSES</b>	<b>985,980</b>	<b>976,832</b>	<b>9,148</b>
<b>OPERATING INCOME</b>	<b>64,780</b>	<b>31,072</b>	<b>(33,708)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Tapping fees	6,800	6,800	-
Grant income	-	175,000	175,000
Interest income	3,500	787	(2,713)
Interest expense	(50,000)	(36,344)	13,656
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(39,700)</b>	<b>146,243</b>	<b>185,943</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 25,080</b>	<b>177,315</b>	<b>\$ 152,235</b>
<b>NET POSITION - BEGINNING OF YEAR</b>		<b>4,721,312</b>	
<b>NET POSITION - END OF YEAR</b>		<b>\$ 4,898,627</b>	

\* Original and final budget are the same.

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**Exhibit H**

*Adopted Budgets of NCMA*

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**North Coventry Water Authority**  
**7/1/2023 / 6/30/2024 Budget**

6/19/2023

<b>Receipts</b>	<b>Budget 2023/2024</b>
Water Consumption @ \$7.50 per 1000 gallons	\$ 585,000
Meter Fees	\$ 252,096
Sprinkler Fee	\$ 55,500
Customer Facilities Fees	\$ 500
Water Certificate Fee	\$ 3,000
Interest on Operating Fund and Money Market Fund	\$ 500
Bulk Water Receipts	\$ 1,000
Cell Tower Receipts	\$ 31,500
Fire Hydrant Maintenance-Repair-Replacement	\$ 49,400
Non-Municipal Fire Hydrant Rentals	\$ 14,440
Rental Penalties-Interest-Fees Collected	\$ 15,000
Miscellaneous	\$ 500
<b>Total Receipts</b>	<b>\$ 1,008,436</b>

<b>Expenditures</b>	
<b>Operating Expenses</b>	
Bulk Water Charges	\$ 357,150
Reimbursements-Sewer Auth. (Personnel & Misc.)	\$ 65,000
Maintenance-Distribution System	\$ 38,000
Maintenance-Pump Stations	\$ 10,000
Fire Hydrant Maintenance-Repair-Replacement	\$ 10,000
Computer System Programming and Support	\$ 5,000
Electricity	\$ 15,000
Laboratory Analyses	\$ 10,000
DRBC Fees & Miscellaneous	\$ 8,500
<b>Sub Total - Operating Expenses</b>	<b>\$ 518,650</b>

<b>Adminstration Expenses</b>	
Reimbursements-Sewer Auth. (Personnel & Misc.)	\$ 20,000
Recording Sect'y	\$ 1,500
Cell - Pump Stations	\$ 3,500
Billing Expenses	\$ 4,500
Legal Services	\$ 20,000
Legal Expense	\$ 1,500
Engineering	\$ 25,000
Accounting Fee	\$ 12,250
Office Supplies	\$ 1,500
Insurance	\$ 8,500
Checking Account Fee / Credit Card Fees	\$ 600
Social Security	\$ 1,000
Officers Compensation	\$ 10,000
Miscellaneous	\$ 500
<b>Sub Total - Adminstration Expenses</b>	<b>\$ 110,350</b>

<b>Debt Service</b>	
Principal ( 1st and 2nd Loans )	\$ 310,000
Interest ( 1st and 2nd Loans )	\$ 50,000
<b>Sub Total - Debt Service</b>	<b>\$ 360,000</b>

**Total Expenses** \$ 989,000

Surplus or ( Deficit ) \$ 19,436

Tapping Fees		\$	6,800
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**North Coventry Water Authority  
7/1/2023 / 6/30/2024 Budget**

6/19/2023

**Capital Projects**

Water Main Replacement Project* Only if we receive grant monies*		\$	400,000
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Mixer for Sheephill Water Tank and Chemical Feed System		\$	50,000
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Aqua, Suburbia Shopping Center		\$	170,000
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Grand Total		\$	<u>620,000</u>
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**North Coventry Water Authority 2023/2024 Budget  
Schedule of Rates and Charges**

6/19/2023

Water Rate	\$	7.50	per thousand gal.
Bulk Water Rate	\$	10.00	per thousand gal.
Tapping Fee	\$	6,800.00	per EDU
Water Meter Fee	\$	310.00	per 5/8 meter, all others at cost of meter size

number of meters	Meter size	Q. serv. Fee	Total per Q
855	5/8"	\$ 45.00	\$ 38,475.00
44	3/4"	\$ 45.00	\$ 1,980.00
26	1"	\$ 119.00	\$ 3,094.00
19	1 1/2"	\$ 233.00	\$ 4,427.00
30	2"	\$ 347.00	\$ 10,260.00
4	3"	\$ 860.00	\$ 3,420.00
	4"	\$ 1,145.00	\$ -
1	6"	\$ 1,373.00	\$ 1,368.00
<b>984</b>			<b>\$ 63,024.00</b>
Fire Sprinkler Service	1"	\$ 15.00	
	1 1/4"	\$ 15.00	
	1 1/2"	\$ 65.00	
2	2"	\$ 250.00	\$ 500.00
5	3"	\$ 375.00	\$ 1,875.00
5	4"	\$ 500.00	\$ 2,500.00
7	6"	\$ 750.00	\$ 5,250.00
2	8"	\$ 1,000.00	\$ 2,000.00
<b>21</b>			<b>\$ 12,125.00</b>
Fire Hydrants Non-Municipal	38	\$ 95.00	\$ 3,610.00
Fire Hydrants Township	92	\$ 95.00	\$ 8,740.00
			<b>\$ 12,350.00</b>
Testing of Water Meters	3/4" or smaller	\$ 50.00	
	1" or larger	\$ 100.00	

Extra meters meter cost plus an additional 15% admin. Fee

Turn off / Turn on fee (each) \$ 75.00

Settlement notice charge (each) \$ 50.00

Temporary construction service \$ 25.00 plus consumption measured by tank trk. Loads

Escrow deposit for new construction service installations in public right of way

**North Coventry Water Authority 2024/2025 Budget  
Schedule of Rates and Charges**

7/1/2024

Water Rate \$ 7.50 per thousand gal.

Bulk Water Rate \$ 10.00 per thousand gal.

Tapping Fee \$ 6,800.00 per EDU

Water Meter Fee \$ 310.00 per 5/8 meter, all others at cost of meter size

number of meters	Meter size	Q. serv. Fee	Total per Q
855	5/8"	\$ 45.00	\$ 38,475.00
44	3/4"	\$ 45.00	\$ 1,980.00
26	1"	\$ 119.00	\$ 3,094.00
19	1 1/2"	\$ 233.00	\$ 4,427.00
30	2"	\$ 347.00	\$ 10,260.00
4	3"	\$ 860.00	\$ 3,420.00
	4"	\$ 1,145.00	\$ -
1	6"	\$ 1,373.00	\$ 1,368.00
<b>984</b>			<b>\$ 63,024.00</b>

Fire Sprinkler Service	1"	\$ 15.00	
	1 1/4"	\$ 15.00	
	1 1/2"	\$ 65.00	
2	2"	\$ 250.00	\$ 500.00
5	3"	\$ 375.00	\$ 1,875.00
5	4"	\$ 500.00	\$ 2,500.00
7	6"	\$ 750.00	\$ 5,250.00
2	8"	\$ 1,000.00	\$ 2,000.00
<b>21</b>			<b>\$ 12,125.00</b>

Fire Hydrants Non-Municipal	38	\$ 100.00	\$ 3,800.00
Fire Hydrants Township	92	\$ 100.00	\$ 9,200.00
			<b>\$ 13,000.00</b>

Testing of Water Meters	3/4" or smaller	\$ 50.00
	1" or larger	\$ 100.00

Extra meters meter cost plus an additional 15% admin. Fee

Turn off / Turn on fee (each) \$ 75.00

Settlement notice charge (each) \$ 50.00

Temporary construction service \$ 25.00 plus consumption measured by tank trk. Loads

Escrow deposit for new construction service installations in public right of way

Approved,  
06/17/24

North Coventry Water Authority  
7/1/2024 / 6/30/2025 Budget

7/1/2024

<b>Receipts</b>		Budget 2024/2025
Water Consumption @ \$7.50 per 1000 gallons	\$	625,000
Meter Fees	\$	252,100
Sprinkler Fee	\$	48,500
Customer Facilities Fees	\$	500
Water Certificate Fee	\$	3,000
Interest on Operating Fund and Money Market Fund	\$	5,000
Bulk Water Receipts	\$	-
Cell Tower Receipts	\$	32,420
Fire Hydrant Maintenance-Repair-Replacement	\$	52,000
Rental Penalties-Interest-Fees Collected	\$	20,860
Miscellaneous	\$	520
<b>Total Receipts</b>		<b>\$ 1,039,900</b>
<b>Expenditures</b>		
<b>Operating Expenses</b>		
Bulk Water Charges	\$	364,000
Reimbursements-Sewer Auth. (Personnel & Misc.)	\$	65,000
Maintenance-Distribution System	\$	50,000
Maintenance-Pump Stations	\$	10,000
Fire Hydrant Maintenance-Repair-Replacement	\$	10,000
Computer System Programming and Support	\$	5,000
Electricity	\$	15,000
Laboratory Analyses	\$	12,000
DRBC Fees & Miscellaneous	\$	8,500
<b>Sub Total - Operating Expenses</b>		<b>\$ 539,500</b>
<b>Adminstration Expenses</b>		
Reimbursements-Sewer Auth. (Personnel & Misc.)	\$	19,950
Recording Sect'y	\$	1,320
Cell - Pump Stations	\$	3,000
Billing Expenses	\$	4,800
Legal Services	\$	15,000
Legal Expense	\$	1,500
Engineering	\$	25,000
Accounting Fee	\$	12,250
Office Supplies	\$	1,700
Insurance	\$	9,000
Checking Account Fee / Credit Card Fees	\$	360
Social Security	\$	1,000
Officers Compensation	\$	10,000
Miscellaneous	\$	500
<b>Sub Total - Adminstration Expenses</b>		<b>\$ 105,380</b>
<b>Debt Service</b>		
Principal ( 1st and 2nd Loans )	\$	323,000
Interest ( 1st and 2nd Loans )	\$	40,000
<b>Sub Total - Debt Service</b>		<b>\$ 363,000</b>
<b>Total Expenses</b>		<b>\$ 1,007,880</b>
Surplus or ( Deficit )	\$	32,020

Tapping Fees

\$ 6,800

**North Coventry Water Authority  
7/1/2023 / 6/30/2024 Budget**

7/1/2024

**Capital Projects**

Water Tank Inspection, Urner St, Sheep Hill

\$ 6,000

Aqua, Suburbia Shopping Center

\$ 170,000

50 Water Meters

\$ 15,000

Grand Total \$ 185,000

\*\*\*\*\*

**Exhibit I**

*NCMA Certified Operator's License*

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# Commonwealth of Pennsylvania

## Department of Environmental Protection

*In accordance with the  
State Board for Certification of Water and Wastewater Systems Operators  
and the Regulations of the  
Department of Environmental Protection*

**RANDY S SASSAMAN**

*Is Hereby Authorized to Operate*  
**WATER SYSTEM**

**Client ID: 359070**

**Class: E, Water  
Subclass:**

**RANDY S SASSAMAN**  
[REDACTED]

Issue Date      Apr 1, 2024  
Expiration Date      Mar 31, 2027

**Certificate No. W25414**

*Mary Roland*  
\_\_\_\_\_  
Board Chairperson

\*\*\*\*\*

**Exhibit J**

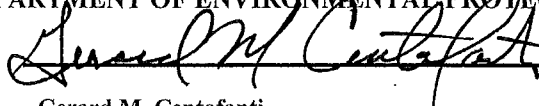
*Public Water Supply Permits*

\*\*\*\*\*

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF WATER SUPPLY MANAGEMENT

PUBLIC WATER SUPPLY PERMIT

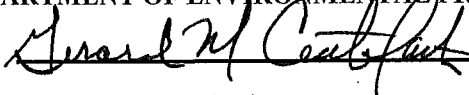
No. 1501505

<p><b>A. PERMITTEE (Name and Address)</b></p> <p>Superior Water Company 2960 Skippack Pike P.O. Box 127 Worcester, PA 19490</p>	<p><b>B. PROJECT LOCATION</b></p> <p>Municipality <u>North Coventry Township</u></p> <p>County <u>Chester</u></p>			
<p><b>C. THIS PERMIT APPROVES FOR:</b></p> <p>1. <input type="checkbox"/> Use as Source of Supply      2. <input checked="" type="checkbox"/> Construction      3. <input type="checkbox"/> Operation</p> <p><b>AS INDICATED BELOW:</b></p> <table style="width:100%; border: none;"> <tr> <td style="width:50%; vertical-align: top; padding: 5px;"> <p><b>4. Source</b></p> <p><input checked="" type="checkbox"/> Well(s)</p> <p><input type="checkbox"/> Spring(s)</p> <p><input type="checkbox"/> Stream</p> <p><input type="checkbox"/> Lake</p> </td> <td style="width:50%; vertical-align: top; padding: 5px;"> <p><b>5. Facilities</b></p> <p><input type="checkbox"/> Impoundment</p> <p><input type="checkbox"/> Settling</p> <p><input type="checkbox"/> Filtration</p> <p><input type="checkbox"/> Iron and Manganese Treatment</p> <p><input type="checkbox"/> Softening</p> <p><input type="checkbox"/> Fluoridation</p> <p><input type="checkbox"/> Other _____</p> </td> <td style="width:50%; vertical-align: top; padding: 5px;"> <p><input type="checkbox"/> Stabilization</p> <p><input checked="" type="checkbox"/> Disinfection</p> <p><input checked="" type="checkbox"/> Pump Station(s)</p> <p><input type="checkbox"/> Transmission Lines</p> <p><input checked="" type="checkbox"/> Distribution Storage</p> <p><input type="checkbox"/> Distribution System</p> </td> </tr> </table>		<p><b>4. Source</b></p> <p><input checked="" type="checkbox"/> Well(s)</p> <p><input type="checkbox"/> Spring(s)</p> <p><input type="checkbox"/> Stream</p> <p><input type="checkbox"/> Lake</p>	<p><b>5. Facilities</b></p> <p><input type="checkbox"/> Impoundment</p> <p><input type="checkbox"/> Settling</p> <p><input type="checkbox"/> Filtration</p> <p><input type="checkbox"/> Iron and Manganese Treatment</p> <p><input type="checkbox"/> Softening</p> <p><input type="checkbox"/> Fluoridation</p> <p><input type="checkbox"/> Other _____</p>	<p><input type="checkbox"/> Stabilization</p> <p><input checked="" type="checkbox"/> Disinfection</p> <p><input checked="" type="checkbox"/> Pump Station(s)</p> <p><input type="checkbox"/> Transmission Lines</p> <p><input checked="" type="checkbox"/> Distribution Storage</p> <p><input type="checkbox"/> Distribution System</p>
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<p>KNOWN AS <u>North Coventry well No. 1</u></p>				
<p>YOU ARE HEREBY AUTHORIZED TO USE AS SOURCE(S) OF SUPPLY, CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109, ARTICLE II, OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.</p> <p>NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.</p> <p>THIS PERMIT IS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43). OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.</p> <p>THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS _____</p> <p>THIS PERMIT IS SUBJECT TO THE FOLLOWING STANDARD CONDITIONS RELATING TO EROSION CONTROL _____</p>				
<p>PERMIT ISSUED</p> <p>Date <u>4-18-02</u></p>	<p>DEPARTMENT OF ENVIRONMENTAL PROTECTION</p> <p>By <u></u></p> <p>Gerard M. Centofanti Regional Manager</p> <p>Title <u>Water Supply Management</u></p>			

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 BUREAU OF WATER SUPPLY MANAGEMENT

**PUBLIC WATER SUPPLY PERMIT**

No. 1502507

<p><b>A. PERMITTEE (Name and Address)</b></p> <p>Superior Water Company                  2960 Skippack Pike                  P.O. Box 127                  Worcester, PA 19490-0127</p>	<p><b>B. PROJECT LOCATION</b></p> <p>Municipality <u>North Coventry Township</u></p> <p>County <u>Chester</u></p>			
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<p>KNOWN AS <u>North Coventry Booster Station</u></p>				
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<p><b>PERMIT ISSUED</b></p> <p>Date <u>October 16, 2002</u></p>	<p><b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b></p> <p>By <u></u></p> <p>Gerard M. Centofanti                  Regional Manager</p> <p>Title <u>Water Supply Management</u></p>			

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 BUREAU OF WATER SUPPLY MANAGEMENT

**PUBLIC WATER SUPPLY PERMIT**

No. 1501505

<p><b>A. PERMITTEE (Name and Address)</b></p> <p>Superior Water Company                  2960 Skippack Pike                  P.O. Box 127                  Worcester, PA 19490</p>	<p><b>B. PROJECT LOCATION</b></p> <p>Municipality <u>North Coventry Township</u>                  County <u>Chester</u></p>		
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<p>PERMIT ISSUED</p> <p>Date <u>12-16-2003</u></p>	<p>DEPARTMENT OF ENVIRONMENTAL PROTECTION</p> <p>By <u><i>Gerard M. Centofanti</i></u>                  Gerard M. Centofanti                  Regional Manager                  Title <u>Water Supply Management</u></p>		

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 BUREAU OF WATER SUPPLY MANAGEMENT

**PUBLIC WATER SUPPLY PERMIT**

No. 1508503

A. PERMITTEE: (Name and Address)  <p style="text-align: center;"><b>Superior Water Company</b>                  1885 Swamp Pike, Suite 109                  Gilbertsville, PA 19525-0525</p>	B. PROJECT/PLANT LOCATION  Municipality <u>North Coventry Township</u>  County <u>Chester</u>
--	---

C. THIS PERMIT APPROVES FOR:    1.  **CONSTRUCTION**    2.  **OPERATION OF FACILITIES**  
 AS INDICATED BELOW: Approved Under Construction Permit No. \_\_\_\_\_

- | Source  | Facilities   | BVRB  |
|---|--|---|
| <input type="checkbox"/> Well(s)<br><input type="checkbox"/> Spring(s)<br><input type="checkbox"/> Surface Water<br><input type="checkbox"/> Finished Water | <input type="checkbox"/> Impoundment<br><input type="checkbox"/> Settling<br><input type="checkbox"/> Filtration<br><input type="checkbox"/> Iron and Manganese Treatment<br><input type="checkbox"/> Softening<br><input type="checkbox"/> Fluoridation<br><input type="checkbox"/> Distribution Facility | <input type="checkbox"/> General Corrosion Control<br><input type="checkbox"/> Corrosion Control for Lead/Copper<br><input type="checkbox"/> Disinfection<br><input type="checkbox"/> Pump Station(s)<br><input type="checkbox"/> Transmission Lines<br><input type="checkbox"/> Finished Water Storage<br><input checked="" type="checkbox"/> Other <u>MTBE Aeration Treatment</u> |
|   |  | <input type="checkbox"/> Bottled Water System<br><input type="checkbox"/> Bulk Water Hauling System<br><input type="checkbox"/> Vended Water System<br><input type="checkbox"/> Retail Water Facility   |

KNOWN AS Suburbia Shopping Center Well No. 1

**LIMIT OF AUTHORIZATION**

YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109 OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEPARTMENT) OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.

THE PLANS, SPECIFICATION, REPORTS, AND SUPPORTING DOCUMENTS SUBMITTED AS PART OF THE PERMIT APPLICATION BECOME PART OF THE PERMIT.

NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.

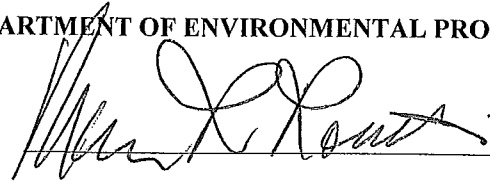
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THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS \_\_\_\_\_

**PERMIT ISSUED**

Date July 2, 2008

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

By 

Title Nancy R. Roncetti  
Regional Manager  
Water Supply Management



# pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION

SOUTHEAST REGIONAL OFFICE

March 25, 2010

Ms. Louise Knight  
Superior Water Company  
1885 Swamp Pike  
Gilbertsville, PA 19525

Re: Water Supply Permit No. 1509516  
APS No. 710126, AUTH No. 818511  
North Coventry Township  
Chester County

Dear Ms. Knight:

Referenced permit for the addition of pH and corrosion control treatment equipment and the replacement of the existing gas disinfection system with a liquid feed system is enclosed.

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 7514, and the Administrative Agency Law, 2 Pa.C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717.787.3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800.654.5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in braille or on audiotape from the Secretary to the Board at 717.787.3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

**IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.**

Ms. Louise Knight

- 2 -

March 25, 2010

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD (717.787.3483) FOR MORE INFORMATION.

Sincerely,



Nancy R. Roncetti  
Regional Manager  
Water Supply Management


Enclosure: Application for a Water Supply Operations Permit

cc: Mr. Riley - Entech Engineering, Inc.  
Ms. Davis-Montague - WSM (w/enclosure)  
Mr. Johnson - WSM (w/enclosure)  
Ms. Lashley  
Re 30 (GJE10WSM)084-2B

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 BUREAU OF WATER SUPPLY MANAGEMENT

**PUBLIC WATER SUPPLY PERMIT**

No. 1509516

<p>A. PERMITTEE: (Name and Address)</p> <p style="text-align: center;"><b>Superior Water Company</b>                  1885 Swamp Pike                  Gilbertsville, PA 19525</p>	<p>B. PROJECT/PLANT LOCATION</p> <p>Municipality <u>North Coventry Township</u></p> <p>County <u>Chester</u></p>																																				
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<input type="checkbox"/> Distribution Facility																																					
<p>KNOWN AS <u>Suburbia Shopping Center Water System</u></p>																																					
<p><b>LIMIT OF AUTHORIZATION</b></p> <p>YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109 OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEPARTMENT) OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.</p> <p>THE PLANS, SPECIFICATION, REPORTS, AND SUPPORTING DOCUMENTS SUBMITTED AS PART OF THE PERMIT APPLICATION BECOME PART OF THE PERMIT.</p> <p>NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.</p> <p>THIS PERMIT IS ISSUED BY THE DEPARTMENT UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43). OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.</p> <p>THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS <u>I</u></p>																																					
<p><b>PERMIT ISSUED</b></p> <p>Date <u>March 30, 2010</u></p>	<p><b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b></p> <p>By <u></u></p> <p>Nancy R. Roncetti                  Regional Manager                  Water Supply Management</p> <p>Title _____</p>																																				

**Public Water Supply Permit No. 1509516  
Superior Water Company  
North Coventry Township, Chester County**

**This permit is subject to the following Special Condition(s):**

- I. The facilities contained in this permit are approved for construction only. Operation of these facilities requires a separate Department operation permit. In addition, if the facilities will result in any modification in the operation of a previously permitted public water system, that operational modification also must be covered by a new or amended Department operation permit.

Re 30 (GJE10WSM)084-2

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
WATER SUPPLY MANAGEMENT**

For Department Use Only

**INTERNAL REVIEW AND RECOMMENDATIONS**

<b>NAME OF</b> Superior Water Company	<b>PROJECT</b> North Coventry Township	<b>APPLICATION</b> 1509516
<b>APPLICATION</b>	<b>LOCATION</b> Chester County	<b>NUMBER</b>

**BRIEF DESCRIPTION OF PROJECT AND DISCUSSION (Use Additional Sheets if Necessary)**

Superior Water Company has been experiencing low pH readings at its Suburbia Shopping Center Booster Station. Therefore, they are requesting permit approval to modify the system. The proposed modifications will include the addition of caustic soda for pH adjustment and an orthophosphate-blended inhibitor for corrosion control treatment in the distribution system. As a safety precaution and operator preference, Superior Water Company is also requesting approval to change the existing gas chlorination system with a liquid chlorine feed system.

Water entering the pump station will be injected with Seaquest, an NSF certified orthophosphate inhibitor followed by sodium hypochlorite for disinfection. Prior to entering the existing 300,000-gallon storage tank, the supply is injected with caustic soda. Each feed system will consist of a 55-gallon drum with dosing pumps manufactured by GRUNDFOS Pumps. Each drum will be situated in a spill containment. Chlorine and pH analyzers will also be installed.

The design of the proposed modifications meets the requirements of the Public Water Supply Manual. Therefore, it is recommended that a construction permit be issued.

**RECOMMENDATION AND ACTION**

Approved	Refused	Signature	Date
<input checked="" type="checkbox"/>	<input type="checkbox"/>	REVIEWER <i>Michelle Brown-Morris</i>	3/30/10
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SECTION CHIEF <i>[Signature]</i>	3/30/10
<input checked="" type="checkbox"/>	<input type="checkbox"/>	REGIONAL MANAGER <i>[Signature]</i>	3/30/10

**PERMIT CONDITIONS:**

**1. STANDARD -**

Chapter 109 - Safe Drinking Water  
Erosion Control (1973) 1 thru 20

**2. SPECIAL (Use Additional Sheets If Necessary) -**



# pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION

SOUTHEAST REGIONAL OFFICE

June 9, 2010

Ms. Louise Knight  
Superior Water Company  
1885 Swamp Pike  
Gilbertsville, PA 19525

Re: Water Supply Operation Permit No. 1510511  
APS No. 710126, AUTH No. 837282  
North Coventry Township  
Chester County

Dear Ms. Knight:

Referenced Operation Permit for the addition of pH and corrosion control treatment equipment and the replacement of the existing gas disinfection system with a liquid feed system is enclosed.

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 7514, and the Administrative Agency Law, 2 Pa.C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717.787.3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800.654.5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in braille or on audiotape from the Secretary to the Board at 717.787.3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

**IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.**

**IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD (717.787.3483) FOR MORE INFORMATION.**

Ms. Louise Knight

- 2 -

June 9, 2010

Please study the permit carefully and direct any questions to the Water Supply Management Program, Southeast Regional Office.

Sincerely,



Nancy R. Roncetti  
Regional Manager  
Water Supply Management

Enclosures: Permit

cc: Mr. Riley - Entech Engineering, Inc.  
Ms. Davis-Montague - WSM (w/enclosure)  
Mr. Johnson - WSM (w/enclosure)  
Re - WSM  
Ms. Lashley  
Re 30 (joh10wsm)160-5

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF WATER SUPPLY MANAGEMENT

PUBLIC WATER SUPPLY PERMIT

No. 1510511

A. PERMITTEE: (Name and Address)

**Superior Water Company**  
1885 Swamp Pike  
Gilbertsville, PA 19525

B. PROJECT/PLANT LOCATION

Municipality North Coventry Township  
County Chester

C. THIS PERMIT APPROVES FOR:  
AS INDICATED BELOW:

1.  CONSTRUCTION      2.  OPERATION OF FACILITIES

Approved Under Construction Permit No. 1509516

- | <u>Source</u>                           |   | <u>Facilities</u>   | <u>BVRB</u>  |
|---|---|---|--|
| <input type="checkbox"/> Well(s)        | <input type="checkbox"/> Impoundment                  | <input checked="" type="checkbox"/> General Corrosion Control         | <input type="checkbox"/> Bottled Water System      |
| <input type="checkbox"/> Spring(s)      | <input type="checkbox"/> Settling                     | <input checked="" type="checkbox"/> Corrosion Control for Lead/Copper | <input type="checkbox"/> Bulk Water Hauling System |
| <input type="checkbox"/> Surface Water  | <input type="checkbox"/> Filtration                   | <input checked="" type="checkbox"/> Disinfection                      | <input type="checkbox"/> Vended Water System       |
| <input type="checkbox"/> Finished Water | <input type="checkbox"/> Iron and Manganese Treatment | <input type="checkbox"/> Pump Station(s)                              | <input type="checkbox"/> Retail Water Facility     |
|   | <input type="checkbox"/> Softening                    | <input type="checkbox"/> Transmission Lines                           |  |
|   | <input type="checkbox"/> Fluoridation                 | <input type="checkbox"/> Finished Water Storage                       |  |
|   | <input type="checkbox"/> Distribution Facility        | <input type="checkbox"/> Other _____                                  |  |

KNOWN AS Suburbia Shopping Center Water System

**LIMIT OF AUTHORIZATION**

YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109 OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEPARTMENT) OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.

THE PLANS, SPECIFICATION, REPORTS, AND SUPPORTING DOCUMENTS SUBMITTED AS PART OF THE PERMIT APPLICATION BECOME PART OF THE PERMIT.

NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.

THIS PERMIT IS ISSUED BY THE DEPARTMENT UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43). OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.

THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS \_\_\_\_\_


**PERMIT ISSUED**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Date

June 15, 2010

By



**Nancy R. Roncetti**  
**Regional Manager**

Title

Water Supply Management

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 WATER SUPPLY MANAGEMENT

For Department Use Only

**INTERNAL REVIEW AND RECOMMENDATIONS**

<b>NAME OF APPLICATION</b>	Superior Water Company	<b>PROJECT LOCATION</b>	North Coventry Township Chester County	<b>APPLICATION NUMBER</b>	1510511
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**BRIEF DESCRIPTION OF PROJECT AND DISCUSSION (Use Additional Sheets if Necessary)**

On June 2, 2010, a final inspection of the new corrosion control treatment and chlorination system was conducted. The facilities were installed as per the approved plans. Therefore, it is recommended that an Operation Permit be issued.

**RECOMMENDATION AND ACTION**

Approved	Refused	Signature	Date
<input checked="" type="checkbox"/>	<input type="checkbox"/>	REVIEWER <i>Michelle Alvin - Monte</i>	6/10/2010
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SECTION CHIEF <i>bl</i>	6/11/10
<input checked="" type="checkbox"/>	<input type="checkbox"/>	REGIONAL MANAGER <i>Mark R. Rowat</i>	6/15/10

**PERMIT CONDITIONS:**

**1. STANDARD -**

Chapter 109 - Safe Drinking Water  
 Erosion Control (1973) 1 thru 20

**2. SPECIAL (Use Additional Sheets If Necessary) -**



**Public Water Supply Permit No. 1510522**  
**Superior Water Company**  
**North Coventry Township, Chester County**

**This permit is subject to the following Special Condition(s):**

I. This certification is based on the operational parameters listed in the table below:

<b>PWS ID No.</b>	<b>Source Name</b>	<b>Source ID</b>	<b>Entry Point ID</b>	<b>Minimum Chlorine Residual (mg/L)</b>	<b>Minimum Temperature (°C)</b>	<b>Maximum Flow Rate (gpm)</b>
1150547	Well 3	003	102	0.40	5.0	750

Re 30 (joh10wsm)314-10a

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 WATER SUPPLY MANAGEMENT

For Department Use Only

**INTERNAL REVIEW AND RECOMMENDATIONS**

NAME OF <u>Superior Water Company</u>	PROJECT <u>North Coventry Township</u>	APPLICATION <u>1510522</u>
APPLICATION _____	LOCATION <u>Chester County</u>	NUMBER _____

**BRIEF DESCRIPTION OF PROJECT AND DISCUSSION (Use Additional Sheets if Necessary)**

Superior Water Company has submitted calculations demonstrating 4-log treatment of viruses for groundwater sources in their *Suburbia* System. I agree that at least 4-log treatment is indeed achieved. The certification will be based on the parameters in the table below:

PWS ID No.	Source Name	Source ID	Entry Point ID	Minimum Chlorine Residual (mg/L)	Minimum Temperature (°C)	Maximum Flow Rate (gpm)
1150547	Well 3	003	102	0.40	5.0	750

Population is listed at 500 people; however, Superior Water Company has indicated they will conduct compliance monitoring via continuous analyzers.

**RECOMMENDATION AND ACTION**

Approved	Refused	Signature	Date
<input checked="" type="checkbox"/>	<input type="checkbox"/>	REVIEWER <i>Charles S. G. IV</i>	11/15/2010
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SECTION CHIEF <i>John H. ...</i>	11/16/10
<input checked="" type="checkbox"/>	<input type="checkbox"/>	REGIONAL MANAGER <i>Mark L. ...</i>	11/16/10

**PERMIT CONDITIONS:**

**1. STANDARD -**

Chapter 109 - Safe Drinking Water

**2. SPECIAL (Use Additional Sheets If Necessary) -**



April 4, 2018

Mr. Curt R. Steffy  
Vice President - Production  
Aqua Pennsylvania, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010

Re: Aqua PA Superior Suburbia Ctr  
PWS ID No. 1150547  
Public Water Supply Permit No. 1517529  
APS ID No. 958824, AUTH ID No. 1213113  
North Coventry Township  
Chester County

Dear Mr. Steffy:

On December 26, 2017, the Department of Environmental Protection (DEP) received an application for transfer of Public Water Supply Permit Nos. 1501505, 1510511, and 1510522 from Superior Water Company to Aqua Pennsylvania, Inc. The operational responsibility of Suburbia SC Well 1, chlorine disinfection, caustic soda, orthophosphate-blended inhibitor, booster pump station, 300,000-gallon storage tank, and certification of 4-log treatment of viruses at Entry Point 102 is hereby transferred to Aqua Pennsylvania, Inc.

Issuance of the enclosed transferred comprehensive operation permit is authorized in accordance with the provisions of the laws of the Commonwealth.

Your attention is directed to the Special Condition included as part of this permit.

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 7514, and the Administrative Agency Law, 2 Pa.C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717.787.3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800.654.5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in braille or on audiotape from the Secretary to the Board at 717.787.3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

Mr. Curt R. Steffy

- 2 -

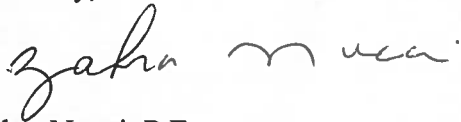
April 4, 2018

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD (717.787.3483) FOR MORE INFORMATION.

Please study the permit carefully and direct any questions to Mr. Robert Woolston at 484.250.5128 of the Safe Drinking Water program, Southeast Regional Office.

Sincerely,

A handwritten signature in cursive script that reads "Zahra Nucci".

Zahra Nucci, P.E.  
Regional Manager  
Safe Drinking Water

Enclosures: Permit

cc: Mr. Rinehart - Superior Water Company  
Re (GJS18WAW)88-10



**Public Water Supply Permit No. 1517529**  
**Aqua Pennsylvania, Inc.**  
**North Coventry Township, Chester County**

**This permit is subject to the following Special Condition(s):**

- I. Certification of 4-log treatment of viruses at Entry Point 102 is based on the following parameters, while maintaining 232,122 gallons of storage in the Suburbia Tank, 75 feet of 8-inch diameter contact piping, and 40 feet of 16-inch diameter contact piping:

<b>PWS ID No.</b>	<b>Source Name</b>	<b>Source ID</b>	<b>Entry Point ID</b>	<b>Minimum Chlorine Residual (mg/L)</b>	<b>Minimum Temperature (°C)</b>	<b>Maximum Flow Rate (gpm)</b>
1150547	Suburbia SC Well 1	003	102	0.40	5.0	750

Re 30 (GJS18SDW)88-10a

**Public Water Supply Permit No. 1517529  
Aqua Pennsylvania, Inc.  
North Coventry Township, Chester County**

History of Facilities and Permits:

<b>Permit No.</b>	<b>Date Issued</b>	<b>Description</b>
1517529		Transferred Comprehensive Operation Permit - Transfer of water system from Superior Water Company to Aqua Pennsylvania, Inc.
1510522	November 16, 2010	Certification of 4-log Treatment of Viruses at Entry Point 102 (750 gpm).
1510511	June 15, 2010	Operation Permit - Caustic soda for pH adjustment, orthophosphate-blended inhibitor for corrosion control, and liquid sodium hypochlorite for disinfection.
1509516	March 30, 2010	Construction Permit - Caustic soda, orthophosphate-blended inhibitor, and conversion of gas chlorine to liquid sodium hypochlorite.
1508503	July 2, 2008	Construction Permit - MTBE aeration treatment. Treatment never installed. Permit has expired.
1501505	December 16, 2003	Operation Permit - Suburbia SC Well 1, gas chlorine for disinfection, booster pump station, and 300,000-gallon Suburbia Tank.
1502507	October 16, 2002	Construction Permit - Fourth pump for booster pump station. Fourth pump included in Operation Permit 1501505.
1501505	April 18, 2002	Construction Permit - Suburbia SC Well 1, gas chlorine disinfection, booster pump station, and 300,000-gallon Suburbia Tank.

Re 30 (GJS18SDW)88-10a



July 25, 2022

Mr. David Rustay  
Treatment Manager  
Aqua Pennsylvania, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010

Re: Aqua PA Superior Suburbia Center  
PWS ID No. 1150547  
Safe Drinking Water Permit No. 1522518  
APS No. 1067737, AUTH No. 1403702  
Chester County

Dear Mr. Rustay:

Enclosed is Public Water Supply Permit No. 1522518 for designation of optimal water quality parameters in the Aqua PA Superior Suburbia Shopping Center System. This permit is being issued in response to an application received by the Department of Environmental Protection (DEP) on July 20, 2022.

Your attention is directed to the Special Condition included as part of this permit. Your facilities will be periodically inspected by representatives from DEP to ensure compliance with applicable regulations.

Any person aggrieved by this action may appeal the action to the Environmental Hearing Board (Board), pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. § 7514, and the Administrative Agency Law, 2 Pa.C.S. Chapter 5A. The Board's address is:

Environmental Hearing Board  
Rachel Carson State Office Building, Second Floor  
400 Market Street  
P.O. Box 8457  
Harrisburg, PA 17105-8457

TDD users may contact the Environmental Hearing Board through the Pennsylvania Relay Service, 800.654.5984.

Appeals must be filed with the Board within 30 days of receipt of notice of this action unless the appropriate statute provides a different time. This paragraph does not, in and of itself,

create any right of appeal beyond that permitted by applicable statutes and decisional law.

A Notice of Appeal form and the Board's rules of practice and procedure may be obtained online at <http://ehb.courtapps.com> or by contacting the Secretary to the Board at 717.787.3483. The Notice of Appeal form and the Board's rules are also available in braille and on audiotape from the Secretary to the Board.

**IMPORTANT LEGAL RIGHTS ARE AT STAKE. YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD AT 717.787.3483 FOR MORE INFORMATION. YOU DO NOT NEED A LAWYER TO FILE A NOTICE OF APPEAL WITH THE BOARD.**

**IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST BE FILED WITH AND RECEIVED BY THE BOARD WITHIN 30 DAYS OF RECEIPT OF NOTICE OF THIS ACTION.**

Please study the permit carefully and direct any questions to Mr. Andrew Strubilla of the Safe Drinking Water program, Southeast Regional Office, at 484.250.5122.

Sincerely,

**Zahra Nucci**

Zahra Nucci, P.E.  
Regional Manager  
Safe Drinking Water

Enclosures: Permit

cc: Re (GJS22SDW)199-2



**Safe Drinking Water Permit No. 1522518**  
**Aqua Pennsylvania, Inc.**  
**Chester County**

**This permit is subject to the following Special Condition(s):**

- I. The following water quality parameters are designated for the Aqua PA Superior Suburbia Center System:

<b>Entry Point</b>	<b>Entry Point pH</b>	<b>Distribution System Minimum pH</b>	<b>Entry Point Phosphate Residual (mg/l as PO<sub>4</sub>)</b>	<b>Distribution system Minimum Phosphate Residual (mg/l as PO<sub>4</sub>)</b>
102	7.2-7.6	7.2	1.0-6.0	0.8

Re 30 (GJS22SDW)199-2b

\*\*\*\*\*

**Exhibit K**

*Aqua Proposed Notice to Customers*

\*\*\*\*\*



## NOTICE OF PROPOSED ABANDONMENT

Docket No. A-2026-\_\_\_\_\_

Dear Customer:

On [DATE], Aqua Pennsylvania, Inc. (Aqua) filed an application for approval to Abandon Aqua's Suburbia System via a sale and transfer of the Suburbia System to the North Coventry Water Authority (NCWA). Aqua's Suburbia System provides service to approximately 41 customers in North Coventry Township, Chester County, Pennsylvania. If approved, upon closing, Aqua customers in the Suburbia System would become customers of NCWA

### **PUC ROLE**

The state agency which approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed abandonment. After examining the evidence, the PUC may approve, modify or deny the abandonment.

### **ACTIONS YOU CAN TAKE**

You can support or challenge Aqua's request by:

- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to Aqua's abandonment of Aqua's Suburbia water system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Secretary's Bureau, Commonwealth Keystone Building, 2<sup>nd</sup> Floor, Room-N201, Harrisburg, PA 17120.
- 2) Attending or presenting testimony at a PUC Public Input Hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation into Aqua's transaction and there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1.800.692.7380.
- 3) Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before [DATE]. Filings must be made with the Secretary of Pennsylvania Public Utility Commission, Secretary's Bureau, Commonwealth Keystone Building, 2<sup>nd</sup> Floor, Room-N201, Harrisburg, PA 17120, with a copy served on Aqua's counsel at Aqua Pennsylvania, Inc., Attn: Alexander R. Stahl, Esq. 762 West Lancaster Ave., Bryn Mawr, PA 19010.

The documents filed as part of this application are available for inspection and copying at the Office of the Secretary of the PUC between 8:00 a.m. and 4:30 p.m., Monday through Friday, on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov) and at Aqua's offices at 762 West Lancaster Avenue, Bryn Mawr, PA 19010. The PUC docket number is A-2026-\_\_\_\_\_.

## VERIFICATION

I, Todd M. Duerr, Vice President of Operations of Aqua Pennsylvania, Inc., hereby state that the facts set forth in Aqua Pennsylvania, Inc.'s Application, 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).



---

Todd M. Duerr  
Vice President of Operations  
Aqua Pennsylvania, Inc.

Dated: May 28, 2026

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Application of Aqua Pennsylvania, Inc. :**  
**Pursuant to Section 1102 of the Public :**  
**Utility Code for approval of the sale of the :**  
**water system assets of the Suburbia :**  
**system situated within a portion of North :** Docket No. A-2026- \_\_\_\_\_  
**Coventry Township, Chester County, :**  
**Pennsylvania to North Coventry Water :**  
**Authority, and the abandonment of Aqua's :**  
**service to the Suburbia system :**

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 28th day of May 2026 served a true and correct copy of the foregoing document, upon the persons and in the manner indicated below:

**VIA ELECTRONIC MAIL**

Allison Kaster, Director and Chief Prosecutor  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120  
akaster@pa.gov

NazAarah Sabree, Small Business Advocate  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101  
ra-sba@pa.gov

Darryl Lawrence, Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101  
ra-oca@paoca.org

Paul Diskin, Director  
Bureau of Technical Utility Services  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120  
pdiskin@pa.gov



\_\_\_\_\_  
Alexander R. Stahl

Dated: May 28, 2026