

CAMPBELL, DURRANT, P.C.
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COUNSEL FOR PLAINTIFF

**IN THE COURT OF COMMON PLEAS OF DELAWARE COUNTY
CIVIL ACTION**

MICHAEL DOWEARY, in his capacity as	:	No. CV-2022-
the RECEIVER for the CITY of CHESTER	:	
Plaintiff	:	
	:	
v.	:	
	:	
DELAWARE COUNTY REGIONAL	:	
WATER QUALITY CONTROL AUTHORITY,	:	
Co-Defendant	:	
AND	:	
	:	
DELCORA RATE STABILIZATION FUND	:	
TRUST, DELAWARE COUNTY REGIONAL	:	
WATER QUALITY CONTROL AUTHORITY,	:	
AS SETTLOR, AND UNIVEST BANK AND	:	
TRUST CO., AS TRUSTEE	:	
Co-Defendant	:	

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

Lawyers' Reference Service
Front & Lemon Streets
Media, PA 19063
Phone: (610) 566-6625

A V I S O

USTED HA SIDO DEMANDADO/A EN CORTE. Si usted desea defenderse de las demandas que se presentan más adelante en las siguientes páginas, debe tomar acción dentro de los próximos veinte (20) días después de la notificación de esta Demanda y Aviso radicando personalmente o por medio de un abogado una comparecencia escrita y radicando en la Corte por escrito sus defensas de, y objeciones a, las demandas presentadas aquí en contra suya. Se le advierte de que si usted falla de tomar acción como se describe anteriormente, el caso puede proceder sin usted y un fallo por cualquier suma de dinero reclamada en la demanda o cualquier otra reclamación o remedio solicitado por el demandante puede ser dictado en contra suya por la Corte sin más aviso adicional. Usted puede perder dinero o propiedad u otros derechos importantes para usted.

USTED DEBE LLEVAR ESTE DOCUMENTO A SU ABOGADO [INMEDIATAMENTE. SI](#) USTED NO TIENE UN ABOGADO, LLAME O VAYA A LA SIGUIENTE OFICINA. ESTA OFICINA PUEDE PROVEERLE INFORMACION A CERCA DE COMO CONSEGUIR UN ABOGADO.

SI USTED NO PUEDE PAGAR POR LOS SERVICIOS DE UN ABOGADO, ES POSIBLE QUE ESTA OFICINA LE PUEDA PROVEER INFORMACION SOBRE AGENCIAS QUE OFREZCAN SERVICIOS LEGALES SIN CARGO O BAJO COSTO A PERSONAS QUE CUALIFICAN.

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MICHAEL DOWEARY, in his capacity as
the RECEIVER for the CITY of CHESTER
Plaintiff

: No. CV-2022-

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v.

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DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY,
Co-Defendant

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AND

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DELCORA RATE STABILIZATION FUND :
TRUST, DELAWARE COUNTY REGIONAL :
WATER QUALITY CONTROL AUTHORITY, : AS
SETTLOR, AND UNIVEST BANK AND :
TRUST CO., AS TRUSTEE :

Co-Defendant

:

COMPLAINT

Michael Doweary, in his official capacity as the Receiver for the City of Chester (“Doweary” or the “Receiver”) by and through its undersigned attorneys, files this Complaint against Delaware County Regional Water Quality Control Authority and DELCORA Rate Stabilization Fund Trust, Delaware County Regional Water Quality Control Authority, as Settlor, and Uninvest Bank and Trust Co., as Trustee (“Defendants”), and asserts the following:

The Parties

1. Plaintiff, Michael Doweary, is the duly appointed Receiver for the City of Chester (the “City”) (the “Receiver”) pursuant to the Order of the Commonwealth Court dated June 22, 2020. [Exhibit A.] Such appointment was made pursuant to the provisions of section 705 of the Municipalities Financial Recovery Act (Act 47), 53 P.S. §§ 11701.101-11701.712.

2. Defendant, Delaware County Regional Water Quality Control Authority is a municipal authority organized under the provisions of the Municipality Authorities Act, 53. Pa. C.S. §§ 5601, *et seq.*, with its principal place of business at 100 East Fifth Street, Chester, PA 19013 (“DELCORA”).

3. Defendant, DELCORA Rate Stabilization Fund Trust, Delaware County Regional Water Quality Control Authority, as Settlor, and Univest Bank and Trust Co., as Trustee, is a Trust established as a part of a certain proposed asset sale by DELCORA as set forth in this Complaint. (“DELCORA Trust”). The DELCORA Trust has a place of business at 14 North Main Street, Souderton Pennsylvania 18964.

This Action

4. This is an Action for Declaratory Judgment pursuant to 42 Pa.C.S. § 7531 *et. seq.*, for specific performance, for injunctive relief and other claims seeking a determination of a question of actual controversy between the parties and to have the Court declare that upon the transfer of assets from DELCORA to any purchaser, including but not limited to Aqua, the ownership of the City’s sewer system reverts back to the City and that DELCORA shall take all action to insure such transfer prior to the closing on any sale of DELCORA or its assets to Aqua or any other entity, unless DELCORA and the purchaser settle with the City with respect to the value of those assets and that reversionary interest. As further detailed below, the reversionary interest was created by a 1973 Agreement of Sale and Service between the City and DELCORA for DELCORA to purchase

all of the City's property constituting the City's sewer system and related property. In addition, this Receiver also seeks a determination that the City is entitled to payment under an Easement Agreement, which also is further detailed below, which creates rights and compensation due to the City which is in addition to and over and above the rights and assets created by the Agreement of Sale and involves separate assets than all of those involved with the Agreement of Sale.

5. This Court has jurisdiction over the subject matter pursuant to 42 Pa.C.S. § 931.
6. This Court has jurisdiction over PFS VII, LLC, pursuant to 42 Pa.C.S. § 5301(a)(2).
7. Venue is proper in this Court under Pa. R. Civ. P. § 1006 and § 2179(a).
8. As detailed below, the Receiver attempted to intervene before the Pennsylvania Public Utilities Commission ("PUC"), but his request to do so was denied. As a result, the Receiver has exhausted all available administrative remedies before filing this action. The Receiver thus has no other forum available to protect the City's and the public's interests in this matter.

The City of Chester's Receivership Status

9. Pursuant to the Commonwealth Court's June 22, 2020 Order and its subsequent Order dated December 28, 2021, the Receiver has the authority and duty to exercise all of the powers, authority and obligations granted to the Receiver under Act 47, specifically Chapter 7 of Act 47, 53 P.S. §§ 1101.701-1101.712.

10. The City of Chester (the "City") is a city of the third class with a Home Rule Charter and operating under the umbrella powers of the Receiver under Act 47.

11. The City of Chester was designated as a distressed municipality under Act 47 in 1995, and it has operated pursuant to Act 47 since 1995. Between 1995 and 2020, the City operated under numerous Act 47 Fiscal Recovery Plans.

12. On April 13, 2020, Governor Tom Wolf issued a Declaration of Fiscal Emergency as to the City (Declaration). In accordance with the Declaration, the Pennsylvania Department of Community & Economic Development (“DCED”) through the City’s Act 47 Coordinator prepared an emergency action plan (“EAP”), detailing a series of cost-saving measures, including, a hiring freeze, overtime restrictions, and DCED approval of debt obligations. The DCED implemented the EAP immediately.

13. On June 1, 2020, the Secretary of the DCED filed the Petition alleging, among other things, that Governor Wolf declared a state of fiscal emergency existing in the City pursuant to § 602(b) of Act 47, 53 P.S. §11701.602(b) seeking the appointment of a Receiver pursuant to sections 702 and 705 of Act 47.

14. In its June 22, 2020 Order, the Commonwealth Court determined that a state of fiscal emergency exists in the City and declared the City to be in receivership pursuant to section 702(e)(2) of Act 47, 53 P.S. §11701.702(e)(2). The Court also approved the appointment of Doweary as the Receiver for the City of Chester under section 705(b) of Act 47, 53 P.S. §11701.705(b). The City’s receivership and Doweary’s status as the Receiver for the City of Chester was extended for two years by virtue of a Commonwealth Court Order dated December 28, 2021.

15. Under Act 47, the Receiver has the power and duty to “require the distressed city or authority to cause the sale, lease, conveyance, assignment or other use or disposition of the distressed city’s or authority’s assets in accordance with section 707. 53 P.S. §11701.602(a) (5).

COMPLAINT

16. Prior to 1973, the City owned, and operated facilities used for the collection, transport and treatment of sewage in the City of Chester and in certain adjoining areas where it

served private users directly in the Service Area. The City also received sewage from municipal systems outside the Service Area, all located in Delaware County, Pennsylvania.

17. On February 12, 1973, the City entered into an Agreement of Sale and Service (the “1973 Sale Agreement”) with DELCORA for DELCORA to purchase all of the City’s property constituting the City’s sewer system and related property, as more fully described in paragraph 1 and elsewhere in the 1973 Sale Agreement (the “Sewer Assets”). A copy of the 1973 Sale Agreement is attached hereto as Exhibit “B”.

18. On January 21, 1986, DELCORA and the City entered into an amendment of the 1973 Agreement (the “1986 Amendment”). A copy of the 1986 Sale Agreement is attached hereto as Exhibit “C”. (Hereinafter, the 1973 Sale Agreement and 1986 Amendment will jointly be referred to as the “Agreement” or the “Contract”).

19. The term of the Agreement was from the date of its execution to November 17, 2022 and thereafter for a term as long as the existence of DELCORA “unless terminated by either party on one year’s notice prior to the end of the then-current term.” [Exhibit “B”, paragraph 15.6.] No notice of termination was provided by either part to the Agreement on or before November 17, 2021. The Agreement is currently in full force and effect.

20. Under the terms of the Agreement, DELCORA has certain obligations to the City, (and the City enjoys certain bargained and paid for benefits received and to be received from DELCORA) including but not limited to DELCORA’s obligations to accept the City’s wastewater flows (so long as the wastewater flows meet DELCORA’s quality standards) and DELCORA’s obligations to maintain DELCORA’s facilities in accordance with regulatory requirements and other provisions. [Exhibit “B”, Paragraph 15.1-15.4 and 15.6-15.7.]

21. Under the terms of the Agreement, the City retained rights of reversion to the sewer system conveyed to DELCORA as set forth in Exhibit “B”, Section 15.7, which provides:

If, at any time in the future, during the term of this Section 15 or at the end thereof, Buyer ceases to operate the system being purchased by it hereunder, then the fixed assets and the Real Property, other than the Treatment Plant and those facilities in the Collection System described in Section 2(d) shall revert to the Seller's ownership rather than to the County of Delaware or any other agency.

[Exhibit “B”, Paragraph 15.7.]

20. DELCORA’s obligations under the Agreement cannot be assigned without the signed consent of both parties to the Agreement, i.e., the City and DELCORA.

[Exhibit “B”, Paragraph 16.3 and 16.4.]

21. The City has not entered into any writing or other agreement to permit the assignment of the Agreement or DELCORA’s obligations under the Agreement.

22. In addition, pursuant to a Facilities Easement Agreement (“Easement Agreement”) granted by the City to DELCORA on November 26, 2014, DELCORA owes the City “ten percent (10%) of any proceeds received by DELCORA from the sale or lease of the easement by DELCORA to any third party. [See Exh. “D” (Easement Agreement), Paragraph 4.] The Easement Agreement did not modify or amend in any way the Agreement, including City’s reversionary interest created by paragraph 15.7 of the Agreement, and it creates additional rights in the City relating to assets and additional compensation pursuant to the terms of the Easement Agreement.

23. The Easement Agreement also provides that the DELCORA must provide the City notice of its intent to close a sale or enter into a lease agreement for the easement. [See Exh. “D” (Easement Agreement), Paragraph 4.] No such notice has been provided to the City by DELCORA, Aqua or the PUC.

24. Based on information and belief, DELCORA entered into a certain Asset Purchase Agreement dated September 17, 2019 (“APA”) and a First Amendment Agreement dated February 24, 2020 (“First Amendment”) with Aqua Pennsylvania Wastewater, Inc. (“Aqua”) both of which are attached hereto incorporated herein and labeled Exhibit “E”. [The Asset Purchase Agreement and the First Amendment are hereinafter referred to collectively as the “APA”.]

25. Under the terms of the APA, DELCORA is attempting to assign the Agreement and the Easement Agreement to Aqua and to transfer the Sewer Assets that belong to the City to the DELCORA Trust.

26. DELCORA's obligations under the Agreement cannot be assigned without the consent of the City and the reversion of the assets to the City. [Exhibit "B", Sections 15.7, 16.3 and 15.7.] In addition, DELCORA's purported assignment of the Easement Agreement and its rights thereunder cannot be assigned without the consent of the City and a payment to the City of at least ten percent (10%) of the proceeds received by DELCORA.

27. The City has not consented to DELCORA's assignment of the Agreement or the Easement Agreement to Aqua or any other entity.

28. Under the terms of the Agreement, based upon information and belief, the City has made capital contributions to DELCORA, some of which paid for existing DELCORA facilities and some of which are being held by DELCORA to pay for the construction of facilities in the future. [Exhibit "B", Sections 15.2, 15.3, 15.4, and 15.6.]

29. Under the terms of the APA, DELCORA is also attempting to transfer the City contributions along with all assets and the easement granted by the Easement Agreement to Aqua and/or the DELCORA Trust without recognizing the City's contributions. All of the City's capital contributions were made in reliance on DELCORA's obligation to provide service to the City for the duration of the Contract including renewal periods and, on the City's, reversionary interest as provided in the Agreement.

30. DELCORA has not contacted the City regarding the City's reversionary interest and right to repossess fixed assets and real property of the system, as described in paragraph 15.7 of the Agreement or the proceeds due to the City under the Easement Agreement.

31. Aqua has not contacted the City regarding the City's reversionary interest and right to repossess fixed assets and real property of the system, as described in paragraph 15.7 of the Agreement or the proceeds due to the City under the Easement Agreement.

32. Neither the APA, the Easement Agreement, nor (to the best of the Receiver's knowledge) any other agreement makes any arrangement to return the City's assets encompassed by the City's reversionary interest to the City, to pay the City the proceeds due to the City under the Easement Agreement, or to refund the City's capital contributions should Aqua acquire DELCORA. Likewise, the PUC has taken no action to require that the City receive the required contractual and mandated compensation, or the sewer assets stated above as a condition of the purported transaction.

33. Neither the APA nor (to the best of the City's knowledge) any other agreement makes any provisions to comply with DECLORA's obligations under Section 15.7 of Exhibit "B" to recognize the City's reversionary interest and right to repossess fixed assets and real property of the system, as described in paragraph 15.7 of the Agreement or its rights to the proceeds due to the City under the Easement Agreement.

34. In or about December 2019 Aqua filed with the PUC "Aqua's Letter/Notice of Licensed Engineer and Utility Valuation Expert Engagement Concerning Acquisition of the DELCORA, Delaware and Chester Counties Sanitary Wastewater Collection and Treatment System on or at Docket No. A-2019-3015173, and then on or about March 3, 2020 Aqua filed a formal Application (and other filings) with the PUC, a request for the PUC to approve the proposed transaction.

35. In its Application, Aqua requested the issuance of an Order and Certificates of Public Convenience for the: (1) approval of the acquisition by Aqua of the wastewater system assets of the Delaware County Regional Water Quality Control Authority (DELCORA) situated within all or part of 49 municipalities within portions of Chester and Delaware Counties, Pennsylvania; (2) approval of the right of Aqua to begin to offer, render, furnish and supply wastewater service to the public in portions of Delaware County and Chester County, Pennsylvania; and (3) assignments of 163

municipal contracts, between Aqua and DELCORA, pursuant to Section 507 of the Code, approval of the Asset Purchase Agreement (APA), and approval of the terms of a Memorandum of Understanding (MOU) it has entered with DELCORA.

36. In its Application, Aqua also requested, pursuant to Section 1329(c)(2), the approval of the Pennsylvania Public Utility Commission (Commission) of a ratemaking rate base value of the assets to be acquired by Aqua in the amount of \$276,500,000. 66 Pa. C.S. § 1329(c)(2).

37. In its PUC Application filings, Aqua estimates that there would be a rate increase to the City and, based on Aqua's history in other acquisitions, the City would expect that projected increase to be just the first of many rate increases that would adversely affect the City and its retail customers.

38. DELCORA and Aqua (and possibly the PUC) are ignoring the contributions of the City and other customers to the value of the property proposed to be acquired by Aqua.

39. To the extent that the PUC approves this transaction under the APA and permits Aqua and DELCORA to ignore the value of property contributed by the City to DELCORA, as well as the City's reversionary interest and the proceeds due the City under the Easement Agreement, the PUC would unlawfully impair the City's reversionary interest and rights under the Easement Agreement.

40. DELCORA is and at all relevant times has been aware of the City's reversionary, found in paragraph 15.7 of the Agreement, the City's rights under the Easement Agreement and the value of those assets.

41. Aqua is and at all relevant times has been aware of the City's reversionary interest found in paragraph 15.7 of the Agreement, the City's rights under the Easement Agreement and the value of those assets.

43. The PUC is and at all relevant times has been aware of the City's reversionary interest found in paragraph 15.7 of the Agreement, the City's rights under the Easement Agreement and the value of those assets.

44. During testimony before the PUC, witnesses for Aqua and DELCORA identified approximately 9,972 residential and commercial customers located in the City of Chester and the value of those assets are estimated to range from \$4,300 to \$8,500 per unit. [PUC Hearing Public Transcript of Harold Walker, attached as Exhibit "F".] The identification of the currently known assets encompassed under paragraph 15.7 of the Agreement is attached hereto as Exhibit "G".

45. The PUC has never ordered or directed either DELCORA or Aqua to serve notice on the City of the APA's impact and intent to deprive the City of its reversionary interest in the system's assets, as detailed in paragraph 15.7 of the Agreement, or of the intent to deprive the City of the compensation due under the Easement Agreement.

46. In addition to the PUC never ordering or directing DELCORA or Aqua to provide notice to the City or the Receiver that the APA would deprive the City of its reversionary interest and the compensation due under the Easement Agreement:

a. DELCORA never served notice on the City or the Receiver of the APA's impact and intent to deprive the City of its reversionary interest in the system's assets, as detailed in paragraph 15.7 of the Agreement or its intent to deprive the City of the compensation due the City under the Easement Agreement.

b. Aqua never served notice on the City or the Receiver of the APA's impact and intent to deprive the City of its reversionary interest in the system's assets, as detailed in paragraph 15.7 of the Agreement or its intent to deprive the City of the compensation due the City under the Easement Agreement.

c. The PUC never served notice on the City or the Receiver of the APA's impact and intent to deprive the City of its reversionary interest in the system's assets, as detailed in paragraph 15.7 of the Agreement or its intent to deprive the City of the compensation due the City under the Easement Agreement.

46. On April 7, 2022 the Receiver put the PUC, DELCORA and Aqua on notice of the existence of its reversionary interest and emphasized that no deal between DELCORA or Aqua or any other party could be completed without the City's reversionary interest being recognized and resolved. [Correspondence dated April 7, 2022 from the Receiver to PUC Secretary attached hereto as Exhibit "H".]

47. The Receiver filed its April 7, 2022 letter with the PUC, and the PUC accepted the filing and notified all parties to the PUC proceeding of the filing on April 8, 2022.

48. The Receiver attempted to intervene in the PUC proceeding on June 2, 2022. The Receiver highlighted in its Petition to Intervene that the City of Chester (City) has a reversionary interest in the City's sewer system and related property which prevents the transfer of those assets and the approval of any transfer or acquisition of those assets until the City consents.

49. The Receiver also noted that its reversionary interest was automatic and self-effectuating upon the transfer of assets and that it was seeking to intervene to put all parties on notice of that reversionary interest and would not require any additional evidence. Up to that date, the City's automatic reversionary interest had been ignored by the DELCORA, Aqua and the PUC.

50. On August 3, 2022, the PUC denied the Receiver's petition to intervene on procedural grounds, finding that its Petition to put was not timely under PUC rules leaving the Receiver with no option but to file this action. As a result, the PUC has excluded the Receiver in his attempt to protect the City's reversionary interest under the Agreement from any of the proceedings

before the PUC and was excluded from a prehearing conference held by the PUC on August 9, 2022.

51. The significance of the City's reversionary interest and compensation rights under the Easement Agreement and DELCORA's and Aqua's desire to ignore those interests and the inappropriateness of the continuation of the proceedings before the PUC was highlighted by the Bureau of Investigation and Enforcement of the PUC ("PUC I&E") in its Prehearing Memorandum for Remand of Proceeding. [PUC I&E, Prehearing Memo, attached as Exhibit "I".]

52. In that filing, the PUC I&E not only noted that the PUC, DELCORA and Aqua were ignoring the City's reversionary interest, but it emphasized significant caution by noting that DELCORA was attempting to transfer assets that it does not own and cannot transfer as a result of the City's reversionary interest and that the entire transaction was "unripe" for consummation. [See Exhibit "I".] In pertinent part, the PUC I&E cautioned:

Aqua now admits that the City of Chester has asserted a reversionary interest under the contract and that 'a list of assets' that are 'covered by the claimed reversionary interest has been requested but not received. **To that end, it appears that not only is the City of Chester contract at issue unripe for the purported assignment, but that assets valued under the fair market value appraisals in this case may not be transferrable.** In short, the passage of time has not remedied, but has instead compounded, **the simple fact that Aqua still appears unable to actually acquire all of the assets it asks the Commission to require ratepayers to buy for \$276.5 million.**

[See Exhibit "G" (emphasis added).]

53. Notwithstanding the telling and cautionary language by the PUC I&E, as noted in paragraph 46 above, the Receiver has still been excluded from the PUC proceedings and DELCORA and Aqua seek to consummate the transaction under the APA, inter alia, securing PUC approval to transfer certain DELCORA assets to Aqua and the DELCORA trust and if such PUC approval is obtained, to transfer the proceeds of the sale from Aqua and certain DELCORA assets to

the Trust at a transfer event or a series of transfer events known as closing as defined in the Asset Purchase Agreement, Article XIII (“Closing”), which transfers violate the Agreement and results in the City suffering a loss of important assets and money damages and other damages not readily measurable as money damages.

54. The APA does not allow or make provisions for the City to receive the bargained for benefits of its Agreements with DELCORA under the Agreement or the Easement Agreement, including but not limited to the following;

- a) It does not recognize the City’s rights of reversions as set forth in Paragraph 15.7 and other sections of Exhibit “B”;
- b) It does not recognize the City’s right to 10% of the sale proceeds under the Easement Agreement;
- c) It will constitute an impairment of contract and deprive the City of its property without due process of law and constitutes an unlawful taking unless the City receives its assets pursuant to the reversionary interest under the terms of paragraph 15.7 of the Agreement, particularly if approved by the PUC;
- d) It does not make provision for the current and future treatment of sewage that the City has the right to convey to DELCORA for treatment under paragraph 15 of the Agreement or under the Easement Agreement; and
- e) It deprives the City of its bargained and paid for benefits of DELCORA’s obligations to the City under the Agreement and the Easement Agreement.

55. An actual controversy exists between the City and DELCORA with respect to DELCORA’s ability to implement and enforce the Asset Purchase Agreement and proceed to Closing and transfer its assets to Aqua and/or the DELCORA Trust.

56. The Receiver, by virtue of his powers and duties under Act 47, and the City has a direct, substantial and present interest in the determination of its rights before the Closing, and

determination of the City's rights and benefits under the Agreement as set forth above and, in the Relief, Requested below.

57. Allowing the Closing as defined in the Asset Purchase Agreement to occur before the Receiver, on behalf of the City under Act 47, is allowed to seek relief from this Honorable Court as set forth in the Requested Relief below, improperly interferes with the City's pursuing its rights and property rights against DELCORA under the Agreement.

58. Until DELCORA addresses the City's assets included in its reversionary interest in paragraph 15.7 of the Agreement and is prepared to exclude them from the transaction between DELCORA and Aqua or to address them in another way, the transaction between DELCORA and Aqua is not ripe and cannot be completed.

59. Until DELCORA addresses the City's assets included in the separate assets involved with the Easement Agreement and is prepared to provide such compensation to the City as stated in the Easement Agreement, the transaction between DELCORA and Aqua is not ripe and cannot be completed.

60. The Receiver files this Complaint for the reasons set forth herein and to make clear to all parties to the PUC Proceeding that the Receiver on behalf of the City under Act 47 opposes the transaction as currently presented to the PUC and that the transaction before the PUC and contemplated by the APA cannot become final until the City receives the return of its assets under the reversionary interest created by paragraph 15.7 of the Agreement and the compensation under the Easement Agreement is paid. Accordingly, the Receiver seeks the relief from this Honorable Court as set forth in the Requested Relief Section of this Complaint and the City specifically seeks to enforce its rights of reversion as set forth in Paragraph 15.7 of Exhibit "B".

60. The City opposes the Closing of the proposed transaction as set forth in the Asset Purchase Agreement for the following reasons:

A. It does not recognize the City's rights of reversions as set forth in Paragraph 15.7 of Exhibit "B".

- B. It does not recognize the City's right to ten percent (10%) of the DELCORA sale proceeds, as stated in the Easement Agreement.
- C. DELCORA does not have the legal right to transfer the property used to serve the City under paragraph 15.7 of Agreement without the Receiver's consent pursuant to Act 47, which consent has not been given;
- D. DELCORA does not have the legal right to transfer the Agreement to sell the City's assets under paragraph 15.7 of Agreement to Aqua without the Receiver's consent under Act 47, which consent has not been given;
- E. There is no contract or agreement between the City and Aqua, and the Receiver has not agreed that DELCORA can assign the Agreement or any other agreements to Aqua that involves any assets of the City;
- F. The acquisition of the Agreement or the City's assets covered by the reversionary interest in paragraph 15.7 of the Agreement or Easement Agreement would not benefit the City or its taxpayers or the City's ratepayer/customers, but rather it would be detrimental to the public including the City and its rate payers.
- G. The proposed application of the Public Utility Code by the PUC would unlawfully deprive the City of the benefit of the Agreement and impair the rights of the City under the Agreement.

61. DELCORA does not have the legal right to transfer certain assets and the Sale Proceeds to the Trust to the extent that the assets are covered by paragraph 15.7 of the Agreement and to the extent contributions and payments from the City and its ratepayers to DELCORA were used to purchase or fund the assets being transferred to the Trust and to the extent that the City contributions and payments were used to purchase the assets being transferred by DELCORA to Aqua in exchange for the Sale Proceeds.

COUNT I
The Receiver on behalf of the City v. DELCORA
Specific Performance

62. The Receiver incorporates its responses to Paragraphs 1 – 61 as if set forth herein in full.

63. The Agreement between the City and DELCORA is in full force and effect.

64. The Easement Agreement between the City and DELCORA is in full force and effect.

65. The City has fulfilled all of its obligations under the Agreement and Easement Agreement and is not in breach of those Agreements.

66. The Agreement and the Easement Agreement entitle the City to enjoy the unique and special benefits of the Agreement and the Easement Agreement and to the extent that damages are not an adequate remedy for DELCORA's breach, the Court should order specific performance of the Agreement in the City's favor.

67. To the extent that damages are not an adequate remedy at law for the City, equitable relief should be awarded by the Court to the City as set forth in the Requested Relief section below.

WHEREFORE, the City prays for the relief stated herein and for equitable relief by ordering DELCORA to comply with the terms of the Agreements, specifically but not limited to paragraph 15.7 of the Agreement by returning to the City all assets included in that provision or otherwise compensating the City for such assets and to comply with the provisions of the Easement Agreement.

COUNT II
The Receiver on behalf of the City v. DELCORA
Declaratory Judgment and Injunction

68. The Receiver incorporates Paragraphs 1 – 67 as if set forth herein in full.

69. The APA that underlies the transaction between DELCORA and Aqua does not allow or make provisions for the City to enforce its rights under its Contract or the Easement

Agreement including remedies available to the City by DELCORA's breach of the Contract, including but not limited to the return of the assets covered by paragraph 15.7 of the Agreement or securing any of the City's other rights covered by the Agreement and Easement Agreement, as detailed above.

70. Consequently, an actual controversy exists between the Receiver, as he protects the City's rights as he is empowered to do under Act 47, and DELCORA with respect to the purported implementation of the APA and the funding of the Trust through the occurrence of the Closing in violation of the City's rights as stated in this Complaint.

71. Additionally, if allowed to go to Closing, the APA attempts to divert assets currently held by DELCORA along with the potential proceeds of DELCORA's asset sale to Aqua into a trust which under the APA under which neither the City nor its ratepayers will benefit.

72. The City has a direct, substantial and present interest in the determination of the legality of the APA and the ability of DELCORA to proceed to Closing to fund the trust with assets and Sale Proceeds in disregard of the City's reversionary interest in paragraph 15. 7 of the Agreement, the Easement Agreement, and the City's other rights as noted above.

73. The Receiver's right to relief, on behalf of the City consistent with Act 47, the illegality of the Asset Purchase Agreement, and the entire transaction contemplated by the APA, none of which does not recognize the City's rights of reversions as set forth in Paragraph 15.7 of the Agreement or its right to compensation for separate assets under the Easement Agreement, is clear.

74. A preliminary and permanent injunction against DELCORA is necessary to prevent Closing until the Receiver, on behalf of the City under Act 47, can adjudicate its claims and causes of action in this Civil Action before this Honorable Court and the injunctions are necessary to protect the City's reversionary interest other interest under the Agreement and under the Easement Agreement, and to allow the City to continue to enjoy the benefits of the Service Rights under the Agreement as noted in paragraph 15 of the Agreement, all for which no adequate remedy exists at law.

75. Greater harm will result from refusing an injunction enjoining Closing until the City can adjudicate its claims and causes of action before this Honorable Court than from granting an injunction.

76. As evidenced by the PUC I&E before the PUC, the transaction contemplated by the APA is not ripe or ready and cannot be concluded or finalized due to the fact that the City's reversionary interest has not been addressed. [Exhibit "I".]

77. As evidenced by the PUC's denial of the Receiver's right to intervene and by the filing of the I&E before the PUC, the Receiver has no other available remedy at law.

WHEREFORE, The City prays for equitable relief as more specifically set forth in the Requested Relief below.

COUNT III
The Receiver on behalf of the City v. DELCORA
Breach of Contract

78. The Receiver incorporates Paragraphs 1 – 77 as if set forth herein in full.

79. There is an existing contractual relationship between the City and DELCORA set forth in the Agreement and in the Easement Agreement, both of which are in full force and effect and has not been breached by the City.

80. In attempting to assign the Agreement to Aqua, DELCORA has breached the Agreement and Easement Agreement causing the City to suffer actual and consequential damages which will continue to accrue during the pendency of this litigation for the loss of the City's assets and reversionary interest in those assets.

81. This breach by DELCORA results in measurable financial harm to the City. The City must be compensated by receiving the assets falling under paragraph 15.7 of the Agreement which are scheduled to be transferred by DELCORA to the DELCORA Trust and Aqua under the APA or other resolution that provides the City with equal value.

COUNT IV
The Receiver on behalf of the City v. DELCORA
Constructive Trust

82. The City incorporates its responses to Paragraphs 1 – 81 as if set forth herein in full.

83. DELCORA is in sole possession of a majority of or all of the information that could be used by the City to quantify its demand for damages in these claims and the City is entitled to an accounting by DELCORA so that it may know the balance of its contributions to DELCORA which represents the City's capital contributions.

84. A full accounting is readily ascertainable by DELCORA and/or the DELCORA Trust (which based upon Plaintiff's information and belief have some knowledge of the assets and Sale Proceeds that the Trust expects to receive at or as a result of Closing), and the City is entitled to an imposition of a Constructive Trust upon all DELCORA's assets and the sale proceeds held by DELCORA and/or the DELCORA Trust to allow an accounting to be performed before the proposed Trust is funded.

85. By reason of the aforesaid, the City should be named the legal and equitable owner of the City Assets no matter who is currently in possession, custody or control of the City Assets and if any of the City Assets have been conveyed to any additional parties, those parties should be ordered to return those assets to the Constructive Trust, and the Sale Proceeds should be added to the Constructive Trust until such time as the City Assets and/or the proceeds therefrom have been returned to The City.

WHEREFORE, The City prays for equitable relief as more specifically set forth in the Requested Relief below.

RELIEF REQUESTED BY THE CITY AGAINST DELCORA AND DELCORA TRUST

(a) A declaratory judgment that the Contract and Easement Agreement with DELCORA is enforceable on its face and DELCORA is unable to assign the Contract or Easement Agreement to Aqua or any other entity;

(b) A declaratory judgment that the City is entitled to a refund/reimbursement of all of its capital funds as envisioned by paragraph 15.3 of the Agreement and all funds envisioned by the Easement Agreement before Closing;

(c) A declaratory judgment that the City is entitled to continue to enjoy the City's Service Right under paragraph 15.3 of the Agreement whether Closing occurs or not;

(d) A declaratory judgment that The City is entitled to enforce its rights of reversion as set forth in Paragraph 15.7 of Exhibit "B";

(e) A permanent injunction against the assignment or sale of the Contract or Easement Agreement before the enforcement of the City's reversionary interest as contemplated by paragraph 15.7 of the Agreement and the City's rights under the Easement Agreement;

(f) A permanent injunction against the DELCORA from completing the transaction contemplated by the APA and from transferring any assets that are subject to the City's rights of reversion as set forth in Paragraph 15.7 of Exhibit "B" and the Easement Agreement;

(g) That this Honorable Court Order that the City is the legal and equitable owner of the City's Assets encompassed by paragraph 15.7 of the Agreement, no matter who is currently in possession, custody or control of the those assets and if any of those assets have been conveyed to any additional parties, those parties are ordered to return those assets to the Constructive Trust, and the Sale Proceeds should be added to the Constructive Trust until such time as the City's assets and/or the proceeds therefrom have been returned to the City;

(h) That a Constructive Trust is imposed on the City's assets as identified in the DELCORA accounting, and all such be promptly returned to and delivered to the City;

(i) That the Receiver be awarded attorney's fees, costs and expenses as allowable by law to compensate the Receiver for the costs and attorney fees caused by the unnecessary, dilatory, obdurate and vexatious conduct of ignoring the City's reversionary interest and its rights under the Easement Agreement and attempting to proceed to closing under the APA without addressing the City's clear rights under the Agreement and Easement Agreement, all of which made this filing necessary. See 42 Pa.C.S. Section 2503(7);

(j) That the Court grant such other relief as this Honorable Court may deem appropriate and just or upon the request of the Receiver.

WHEREFORE, The City respectfully requests that this Honorable Court grant the relief as more specifically set forth in the Requested Relief below and a judgment in its favor and against DELCORA in an amount in excess of \$50,000, plus interest, punitive damages and attorneys' fees, as well as any other relief the Court deems just and appropriate, including but not limited to all of the relief stated elsewhere in this Complaint and attorney fees and costs due to DELCORA's action in ignoring the City's rights which made this Complaint necessary.

Respectfully submitted,

Dated: August 17, 2022

/s/ John P. McLaughlin

John P. McLaughlin (Atty. I.D. 49765)

Tiffany Allen, (Atty. I.D. 323629)

Benjamin Patchen (Atty. I.D.316514)

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(610) 227-2595

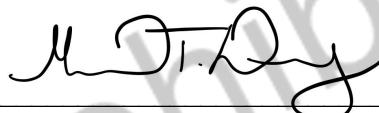
***Attorneys for Michael Doweary, in his official
capacity as Receiver for the City of Chester***

VERIFICATION

The undersigned, having read the attached Complaint ("Pleading") verifies that the facts set forth therein are based on the undersigned's knowledge. The language of the Pleading is that of counsel and not of the undersigned. The undersigned verifies that the signer has read the within Pleading and that the factual averments are true and correct to the best of signer's knowledge, information and belief. To the extent that the contents of the foregoing are that of counsel and/or legal terminology, verifier has relied upon counsel in making this Verification.

The undersigned understands that false statements herein are made subject to the penalties of 18 PA.C.S. Section 4904 relating to unsworn falsification to authorities.

Date: 8/15/2022

By: 
Michael Doweary, in his official capacity as
The Receiver for the City of Chester

CERTIFICATE OF SERVICE

I, John P. McLaughlin, hereby certify that I am this day serving the foregoing Complaint and Notice to Defend upon the Defendants as listed below:

DELCORA
100 East Fifth Street, Chester, PA 19013

DELCORA Rate Stabilization Fund Trust, Delaware County Regional Water Quality Control Authority,
as Settlor, and Univest Bank and Trust Co., as Trustee
14 North Main Street, Souderton Pennsylvania 18964.

/s/ John P. McLaughlin

John P. McLaughlin (Atty. I.D. 49765)
Tiffany R. Allen (Atty. I.D. 323629)
Benjamin R. Patchen (Atty. I.D. 316514)
Campbell Durrant, P.C.
One Belmont Avenue, Suite 300
Bala Cynwyd, Pennsylvania 19004
(610) 227-2595

***Attorneys for Michael Doweary, in his official
capacity as Receiver for the City of Chester***

Dated: August 17, 2022

Copying Prohibited

EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Dennis M. Davin, in his capacity as :
Secretary of the Department of :
Community and Economic :
Development, :
Petitioner :
v. : No. 336 M.D. 2020
City of Chester, :
Respondent. :

MEMORANDUM & ORDER

The instant matter, filed in this Court's original jurisdiction, involves application of the Municipalities Financial Recovery Act, 53 P.S. §§11701.101-11701.712 (Act 47)¹ to the City of Chester (City). Dennis M. Davin, in his capacity as Secretary of the Department of Community and Economic Development (DCED), filed a "Petition for Appointment of Receiver for the City of Chester and Related Relief Pursuant to Subsection 702 of [Act 47]" (Petition) now before the Court for disposition. For the following reasons, this Court grants the Petition and appoints the designee Michael Doweary as Receiver for the City.

I. Background

The City, located in Delaware County, Pennsylvania, is a home-rule city of the third class. Its governing body, the City Council, is comprised of five members, including Mayor Thaddeus Kirkland (Mayor).²

The City's designation as a distressed municipality under Act 47 is long-standing. In 1995, the then Secretary of DCED (Secretary) determined that the City met the criteria necessary to issue a Determination of Municipal Financial Distress pursuant to the provisions of Act 47. The City adopted an initial Recovery Plan in 1996; however, due to difficult economic conditions it was compelled to adopt subsequent Recovery Plan amendments in 2006, 2013, and 2016. As part of the 2016 Recovery Plan, the City created the position of Chief Financial Officer.

¹ Act of July 10, 1987, P.L. 246, *as amended*.

² In addition, comprising City Council are Councilman William Morgan, Councilwoman Elizabeth Williams, Councilwoman Portia West, and Councilman William A. Jacobs.

On September 17, 2018, the Recovery Plan Coordinator, Econsult Solutions, Inc. (Econsult) submitted a three-year exit plan (Exit Plan). “Although [it] contained numerous recommendations addressing revenue enhancement, the City’s assets, cost containment, and economic development, the Exit Plan recognized that the City continued to suffer a significant (though smaller) structural deficit with the additional fiscal strain caused by a large amount of unpaid expenses, most notably the unpaid annual pension payments.” Joint Stipulation (Jt. Stip.) ¶3 (citing City’s Act 47 Exit Plan at 3).³ City Council adopted the Exit Plan⁴ on October 10, 2018.

On April 13, 2020, Governor Tom Wolf issued a Declaration of Fiscal Emergency as to the City (Declaration). Therein, Governor Wolf reviewed the City’s 25-year history of distressed and recovery status under Act 47. Governor Wolf also recognized the impairing effect of “a novel coronavirus (now known as “COVID-19”) [that] began infecting humans in December 2019, and has since spread to over 180 countries, including the United States.” See Ex. P-2. In early March, the Governor proclaimed the existence of a disaster emergency throughout the Commonwealth. Relevant here, on March 23, 2020, the Governor issued a stay at home order and closed non-life sustaining businesses in several counties, including Delaware County, adversely affecting local government revenues. Governor Wolf emphasized in the Declaration the ongoing fiscal distress of the City “jeopardizes the health, safety and welfare of its citizens and threatens the fiscal stability of neighboring communities,” acknowledging the City “is projected to be insolvent within 180 days.” *Id.*

The day after the Governor issued the Declaration, the Mayor issued a press release advising: “the members of [City] Council, support[s] the declaration of a fiscal emergency. This declaration is necessary to protect the [City] from financial devastation that could potentially bankrupt the City.”

Under Section 602(b)(1) of Act 47, the Governor adopted the Concise Statement of Facts supporting the existence of a fiscal emergency in the City. See Ex. P-1 (Statement). The Secretary notified the City of the Statement.

In accordance with the Declaration, DCED prepared an emergency action plan (EAP). See Ex. P-3. The EAP laid out a series of cost-saving measures, including, a hiring freeze, overtime restrictions, and DCED approval of debt obligations. In cooperation with DCED, the City began implementing the EAP.

³ The Exit Plan is posted on DCED’s website at: <https://dced.pa.gov/download/chester-city-act-47-exit-plan-adopted-2018-10-10/?wpdmdl=88894>.

⁴ The Exit Plan recommended a number of corrective actions including exploring the monetization of City assets. It identified two significant business-type assets, the water system owned by the Chester Water Authority (CWA), and the parking system owned by the City.

II. Procedural History

On June 1, 2020, the Secretary filed the Petition alleging, among other things, that Governor Wolf declared a state of fiscal emergency existing in the City pursuant to Section 602(b) of Act 47, 53 P.S. §11701.602(b). In the Declaration, the Governor directed the filing of this Petition seeking the appointment of a Receiver.

The City did not file an answer or oppose the Petition.⁵ This Court scheduled a hearing and held a pre-hearing conference attended via WebEx by counsel for the parties, DCED and the City, and the Chester Water Authority (CWA) which received notice of the proceedings.⁶

Pursuant to the statutory timeline, this Court held a hearing via WebEx on the Petition within 15 days, on June 15, 2020.⁷ See Section 702(c) of Act 47, 53 P.S. §11701.702(c). Through WebEx, a livestream video platform, this Court was able to hear and observe all participants.

In support of its Petition, DCED presented testimony of four witnesses: Andrew Sheaf, DCED's Local Government Policy Manager and Project Manager for Act 47 Program; Dan Connelly of Econsult, who has served as the City's Act 47 Coordinator since 2005 (Coordinator); the City's Chief Financial Officer (CFO) Nafis J. Nichols, appointed in 2016; and Michael Doweary, the designated Receiver (Designee). DCED proffered pre-marked exhibits uploaded prior to the hearing for admission into evidence. This Court admitted the proffered exhibits without objection,⁸ and placed the Joint Stipulation on the record.

⁵ Despite that it is not currently a party to the action, CWA filed an answer to the Petition.

⁶ A court reporter was engaged for the pre-hearing conference. However, as neither party to the action requested the inclusion of the transcript of the pre-hearing conference in the record, it is not included.

⁷ Section 702(d) of Act 47, 53 P.S. §11701.702(d), requires the Court to render a determination on the Petition within 60 after the filing of the Petition.

⁸ The City stipulated to the authenticity of the exhibits, and it acknowledged their admissibility. See Jt. Stip. ¶1. The admitted exhibits follow: P-1 (Concise Statement of Facts); P-2 (Governor's Declaration of Fiscal Emergency); P-3 (DCED's Emergency Action Plan); P-4 through P-6 (March, April and May 2020 Budget v. Actual); P-7 (Spreadsheet of Daily/Weekly Cash Flow); P-8 through P-10 (Cash Flow Projections for March, April and May); P-11 through P-13 (Cash Reports dated May 1, May 26, and June 1); P-14 (April Fire Pension Statement-redacted form); P-15 (April Police Pension Statement- redacted form); P-16 (April Officers and Employees Pension Statement- redacted form); P-17 (May Fire Pension Statement-redacted form); P18 (May Officers and Employees Pension Statement- redacted form); P-19 (May Police Pension

The parties stipulated that the conditions precedent to receivership under Act 47 have been met. *See generally* Jt. Stip. (filed June 11, 2020); Ex. P-26. Specifically, the parties stipulated the conditions set forth in Section 702(d)(1), (d)(2)(i), and (d)(3) of Act 47 exist as of the time of this hearing. The City admitted it did not adopt an ordinance or consent agreement under Chapter 6 of Act 47. *See* Jt. Stip. ¶34. Further, the City stipulated it had no objections to the relief sought in the Petition and that Designee meets the qualifications for a Receiver set forth in Section 705(b) of Act 47. *See* Jt. Stip. ¶36.

Sheaf testified regarding the development of the EAP and the City's steps in implementing same. He emphasized the impending insolvency of the City before the end of the year, particularly given its inability to fund the police pension with minimum municipal obligations (MMOs). As to the fiscal emergency, Sheaf confirmed that as shown in Exhibit P-24, it is projected that in October 2020, the City will have a negative cash balance so it will be unable to meet payroll or fund pensions. That negative cash balance "deepens by December" 2020. Hr'g Tr., 6/15/20, at __. Sheaf was integral to preparing the EAP, the purpose of which is to ensure vital and necessary services are continued. He reviewed the eight main points of the EAP, including a hiring freeze, a freeze of grants and discretionary spending and several restrictions requiring DCED approval for overtime, undertaking debt or selling assets. He testified that the pension fund balances contained in the bank statements for the pension funds of the police (Exs. P-15, P-19), firefighters (Exs. P-14, P-17) and officers and non-uniformed employees (Exs. P-16, P-18), show that the City has to choose between making payroll and making mandatory pension contributions.

CFO testified about the financial affairs of the City, both current and projected. He emphasized the pension fund shortfall, particularly the police pension fund, noting the City has been unable to meet its MMOs since 2013. He noted that the police pension fund balance is currently approximately \$2 million, which is likely not sufficient to make beneficiary payments over the next four months. *See* Hr'g Tr. at __; *see also* Jt. Stip. ¶32. He testified the pension funds constitute a \$540,000 expense per month; the City has insufficient assets to fund that expense, so it incurs a \$505,000 deficit per month. In many of the past several years, the City contributed only what it received in state pension aid. Also, the unpaid balances of the MMOs accrue interest at the rate of 7.5%, such that the current unfunded liability of the police pension alone is over \$25 million. *See* Hr'g Tr. at __; *see also* Jt. Stip. ¶31.

Statement); P-20 through P-23 (Econsult Monthly Reports dated March 11, April 3, May 21 and June 10); P-24 (Cash Flow Forecast through December 2020); P-25 (Resume of Michael Doweary); and P-26 (Joint Stipulation).

CFO also testified about the City's revenue stream. In particular, he emphasized the City's reliance on the Harrah's Casino for monthly and quarterly cash flow. As a result of the virus-related closure, the City lost a significant revenue stream, as revenues from Harrah's alone comprise 20% of the City's annual budget.

CFO also testified about the historically high real estate taxes and earned income taxes (EIT) in the City. He explained the collection rate of real estate/property taxes is low, at 81%. He testified that despite undertaking furloughs and layoffs, (of 127 employees, of which 39 were part time) the City is projected to be insolvent in October 2020. *See* Jt. Stip. ¶20.

Further, CFO testified the appointment of a Receiver is necessary because the City has been unable to fully implement the numerous recovery plans it has attempted over its 25-year history under Act 47. Streamlining the process through one person would allow the City to address its fiscal emergency.

Coordinator described his familiarity with the City, having served as its Act 47 Recovery Plan Coordinator since 2005. He noted the long-term systemic economic problems that have been recently exacerbated by the reduced collections of its EIT and other tax revenue. He emphasized the City had insufficient funds to continue making payroll, and was consistently underfunding the police, fire and officer and employee pensions. He also underscored the reliance on Harrah's as a revenue stream, the interruption of which has, in part, caused a fiscal emergency.

III. Discussion

DCED bears the burden of proving the fiscal emergency the Governor declared continues to exist in that the City is projected as insolvent⁹ within 180 days.

Having observed each witness' demeanor via livestream video, and their evident first-hand knowledge, this Court finds the testimony of each witness credible. To the extent there is any conflicting testimony, this Court relies on the testimony that is consistent with the documentary evidence.

Based on the record, this Court is required to consider: (1) whether DCED established that the City meets the conditions in Section 602(b) for receivership, and, if so, (2) whether the Designee meets the statutory qualifications to serve the City as Receiver.

⁹ Act 47 defines "insolvent" as: "[u]nable to meet all financial obligations as they become due, including payment of debt obligations," which are defined as "[a]ny obligation to pay money, including amounts owed for payments relating to lease rental debt, debt service, bonds, notes, guarantees for bonds or notes, trust indentures, contracts or other agreements." 53 P.S. §11701.701.

1. Conditions for Receivership

Pursuant to Section 702(d) of Act 47, this Court shall issue an order under Section 702(e) of Act 47, 53 P.S. §11701.702(e), if it finds by a preponderance of the evidence that all of the following apply:

(1) Thirty days have passed since the declaration of a fiscal emergency.

(2) There has been a failure by:

(i) the governing body of the distressed municipality to adopt an ordinance under [S]ection 607;

(ii) the governing body of the distressed municipality to implement an ordinance under [S]ection 607;

(iii) an elected or appointed official of the distressed municipality or authority to strictly comply with an order issued by the Governor under [S]ection 604; or

(iv) (Reserved).

(3) *A fiscal emergency under Section 602(a) continues to exist.*

Section 702(d) of Act 47, 53 P.S. §11701.702(d) (emphasis added).

Thirty days have elapsed since Governor Wolf declared a fiscal emergency for the City on April 13, 2020. *See* Ex. P-2. The Joint Stipulation also establishes the City did not adopt an ordinance under Section 607 of Act 47, and so did not implement such an ordinance. Thus, this Court considers whether a fiscal emergency under Section 602(a) of Act 47, 53 P.S. §11701.602(a), continues to exist.

Section 602(a) sets forth two grounds constituting a fiscal emergency. Either the distressed municipality: “(1)(i) is insolvent or is projected to be insolvent within 180 days or less; *and* (ii) is unable to ensure the continued provision of vital and necessary services; *or* (2) has failed to adopt or implement: (i) the [C]oordinator’s plan in accordance with Subchapter C or C.1 of Chapter 2; or (ii) an alternative plan that the [S]ecretary has approved under [S]ection 246 [of Act 47].” 53 P.S. §11701.602(a) (emphasis added). Here, DCED posits the City meets the first test.

The testimony, corroborated by the documentary evidence, establishes that the City is projected to be insolvent within 180 days, and is unable to ensure the continued provision of vital and necessary services. *See also* Jt. Stip. ¶23. Act 47 defines vital and necessary services as: “Basic and fundamental municipal services, including any of the following:

- (1) Police and fire services.
- (2) Ambulance and rescue services.
- (3) Water supply and distribution.
- (4) Wastewater services.
- (5) Refuse collection and disposal.
- (6) Snow removal.
- (7) Payroll and pension obligations.
- (8) Fulfillment of payment of debt obligations or any other financial obligations.

53 P.S. §11701.701 (definitions). Sheaf, CFO and Coordinator all agreed the City is projected to be insolvent by October 2020. *See also* Jt. Stip. ¶25. Essentially, the City will be placed in the position of being unable to fund payroll to pay any employees or make the MMOs on any of the three pension accounts. This Court recognizes that within the next 180 days the City likely may not be able to provide *any* services, much less vital and essential services, when it cannot pay its employees.

As to vital and necessary services, CFO testified that the City cannot meet its financial obligations in that it cannot pay its refuse collection vendor or meet the MMOs for the pension accounts for uniformed (police and fire) personnel. Its inability to pay its outside refuse collection vendor, and reduced staffing for waste disposal, compromise the City's ability to ensure proper refuse collection.

DCED established that the City, as projected, will have a negative cash balance (*see* Jt. Stip. ¶26) and so will be unable to meet payroll to pay employees or to fund its pension obligations by October 2020. The record shows the City regularly finishes the year with narrow margins of cash to cover payroll, the police pension fund is nearly depleted, and it lacks capacity to address mounting capital needs.

The City's financial difficulties of the past 25 years, significantly exacerbated by the recent revenue reduction, evince a current fiscal emergency in the City under Section 602(a) of Act 47.

The Joint Stipulation sets forth facts that bind this Court. *See Com. v. Carheart Corp.*, 299 A.2d 628 (Pa. 1973); *George v. Dep't of Transp.*, 453 A.2d 717 (Pa. Cmwlth. 1982). Moreover, the declarations contained in the Joint Stipulation are buttressed by the considerable documentary evidence submitted, and corroborated by the livestream-video testimony of the witnesses. The stipulated facts and record developed during the hearing constitute sufficient and competent evidence that establishes the statutory requirements for appointing a receiver and declaring the City in receivership. As such, this Court considers Designee's qualifications to serve as Receiver.

2. Designated Receiver Qualifications

This Court is required to appoint the named receiver to the City provided the designated receiver meets the statutory qualifications in Section 705(b) of Act 47, 53 P.S. §11701.705(b). Section 705(b) requires a Receiver to:

- (1) Have a minimum of five years' experience and demonstrable expertise in business, financial or local or state budgetary matters.
- (2) Be a resident of this Commonwealth for at least one year prior to the appointment.

53 P.S. §11701.705(b). The record evinces that Designee meets both criteria.

Designee meets the residency requirement as a York, Pennsylvania resident for more than a year. Designee confirmed his attendance at Penn State University, where he earned a Bachelor of Science in Finance. He continued his graduate studies in finance, later receiving a Master of Business Administration in Financial Management from York College. He is an Enrolled Agent for the Internal Revenue Service since 2009, and is awaiting licensure as a Certified Public Accountant. In addition, he is a candidate for a Level II Certified Financial Advisor.

Designee attested to his considerable experience in finance over the past decade. Most recently, starting in August 2018, he served Capital Region Water as Director of Administration. In that position, he supervised procurement, developed and managed budgets, reviewed operating costs and developed cost-saving measures. He also worked with risk management and information technology. Prior to becoming Director, he briefly served as Interim Chief Executive Officer.

Prior to his employment with Capital Region Water in Harrisburg, Designee served as Business Administrator for the City of York for over four years. In that capacity, he supervised all administrative functions of York's many departments, and was responsible for the fiscal and administrative functions of the city. His duties included reviewing audits, preparing budgets and financial reports, directing departmental expenditures and ensuring payments were on time. He served on pension boards, supervised processing of York's disbursements, and assisted with establishing and implementing fiscal policies and a financial management system.

In addition to Designee's testimony, the Court reviewed Designee's resume, admitted as Exhibit P-25. The testimonial evidence, for which Exhibit P-25 adds further detail, demonstrates Designee's significant qualifications satisfy the statutory criteria. Designee also confirmed upon this Court's questioning that he is unaware of any conflicts of interest or bias that would interfere with his duties. Thus, this Court appoints Designee as Receiver for the City pursuant and subject to Act 47.

O R D E R

AND NOW, this 22nd day of June 2020, upon consideration of the Joint Stipulation of the parties and the credible testimony of the witnesses presented during the hearing as well as the documentary evidence, it is hereby ORDERED and DIRECTED as follows:

1. The parties having agreed and stipulated to the existence of the conditions set forth in Section 702(d)(1), (d)(2), and (d)(3) of Act 47, and as established by the record evidence, this Court finds, by a preponderance of the evidence, that the following conditions apply and are established:

a. Thirty (30) days have elapsed from the date of the Governor's Declaration of Fiscal Emergency on April 13, 2020, in satisfaction of Section 702(d)(1) of Act 47, 53 P.S. §11701.702(d)(1);

b. There has been a failure by the Chester City Council, the governing body of the City of Chester, to adopt an ordinance under Section 607 of Act 47 in satisfaction of Section 702(d)(2)(i) of Act 47, 53 P.S. §11701.702(d)(2)(i); and

c. A fiscal emergency under Section 602(a) of Act 47, 53 P.S. §11701.602(a), continues to exist in the City of Chester in satisfaction of Section 702(d)(3) of Act 47, 53 P.S. §11701.702(d)(3).

2. The Pennsylvania Department of Community and Economic Development's (DCED) Petition for Appointment of Receiver for the City of Chester (City) is hereby GRANTED. The City is hereby DECLARED to be in receivership pursuant to Section 702(e)(2) of Act 47, 53 P.S. §11701.702(e)(2).

3. Michael Doweary is found qualified under Section 705(b) of Act 47, 53 P.S. §11701.705(b), has no known disqualifying conflicts of interest or bias, and is hereby APPOINTED to be the Receiver for the City for a period not to exceed two years, subject to extension under Section 710(b) of Act 47, 53 P.S. §11701.710(b).

4. The Receiver is ordered to develop a recovery plan within 30 days of the date of this Order under Section 703 of Act 47, 53 P.S. §11701.703 (Recovery Plan), and submit the Recovery Plan to this Court, the Secretary for DCED, the Chester City Council, and the Mayor of Chester.

5. The Receiver is required and empowered to implement the Emergency Action Plan (EAP) developed by the Secretary of DCED under Section 602 of Act 47, 53 P.S. §11701.602, until a recovery plan developed by the Receiver is approved by this Court pursuant to Section 703 of Act 47, 53 P.S. §11701.703.

6. During the fiscal emergency, the Chester City Council, including the Mayor, shall continue to carry out its duties, including duties relating to the City's budget, subject to and consistent with the provisions of the EAP, any Recovery Plan developed by the Receiver and approved by this Court, and Chapter 7 of Act 47.

Jurisdiction retained.



J. ANDREW CROMPTON, Judge

Certified from the Record

JUN 22 2020

And Order Exit

Copying Prohibited

EXHIBIT B



DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
P.O. Box 999 • 100 East Fifth Street • Chester, Pa. 19016

May 30, 1991

Mr. Dan Stimax
Hartford Insurance
1515 Market Street, Suite 212
Philadelphia, Pennsylvania 19102

RE: Claim #339L 31655

Dear Mr. Stimax:

In response to our telephone conversation on May 29, enclosed is a copy of Agreement of Sale and Service between City of Chester, Chester Sewer Authority and DELCORA dated February 12, 1973. Please refer to Page 2 (b) which identifies property acquired from Chester. As you will note curb vents and laterals were not included in the acquisition of the sewer system.

Sincerely,

Frances M. Bender
Frances M. Bender
Office Manager

FMB:smf
Enclosure

DIRECT-DIAL TELEPHONES (AREA CODE 215)

ADMINISTRATION
☐ 876-5523

CUSTOMER BILLING
☐ 876-5526

PURCHASING
☐ 497-6775

PLANT & MAINTENANCE
☐ 485-1925

AGREEMENT OF SALE AND SERVICE

THIS AGREEMENT, dated February 12th, 1973, between the CITY OF CHESTER (the "Seller"), a third-class city in the Commonwealth of Pennsylvania, CHESTER SEWER AUTHORITY ("Chester Authority"), an authority created by Seller under the provisions of the Pennsylvania Municipality Authorities Act of 1945, P.L. 382, as amended (the "Act"), and DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (the "Buyer"), and authority created by the County of Delaware under the said Act.

W I T N E S S E T H:

WHEREAS, Seller is the owner of facilities used for the collecting, transporting and treating of sewage in the City of Chester and in certain adjoining areas where it serves private users directly, as shown on a service map delivered by Seller prior to the date hereof (the "Service Area" - City of Chester), and Seller also receives sewage from municipal systems outside the Service Area pursuant to agreements (the "Municipal Agreements") listed on Exhibit A attached hereto; and

WHEREAS, the Chester Authority has applied for a permit from the Pennsylvania Department of Environmental Resources to construct a new sewer plant in the City of Chester; and

WHEREAS, Seller desires to sell and Buyer desires to purchase all of Seller's property constituting its sewer system and related property in the aforesaid Service Area, all as hereinafter described; and

WHEREAS, the properties being sold hereunder have been appraised by independent experts as a basis for determining the price to be paid hereunder; and

WHEREAS, the Seller desires to have Buyer assume responsibility for providing sewage collection and treatment service in the Service Area and also under the Municipal Agreements, and Buyer is willing to assume such responsibility, subject to the provisions hereof.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Property to be Acquired. Subject to the terms and conditions hereinafter set forth Seller will sell, assign, transfer and deliver to Buyer, and Buyer will purchase from Seller, at the time of the Closing hereinafter provided, all of the property, real, personal and mixed, constituting Seller's system for the collection, transportation and treatment of sewage, including without limitation, all of the following types of property which together are herein sometimes called the "Sewer Properties":

(a) The real property, together with all structures and improvements thereon, including without limitation, the sewage treatment plant and all Seller's land at the location of said plant, as described on Exhibit B attached hereto, pumping stations and such land around them as may be necessary for future use and expansion, based upon surveys to be obtained by Seller and approved by Buyer, fixtures, private rights-of-way and other interests in land (all being herein referred to together as the "Real Property");

(b) All sewer mains, interceptors, force mains, collection systems, valves, pumps, machinery, equipment, siphons, regulators and tide gates, inventory, small tools, office equipment, furniture, supplies, customer lists and accounts, franchises, licenses, sewage permits, accounts receivable and unbilled revenues subject to Section 12 hereof, contract rights and related assets, all rights in connection with Federal, State or other grant, loan or similar applications for assistance with sewer projects (including without limitation Seller's pending application for a State subsidy under Act 13 (Harness Racing), to the extent permitted by law, and all documents and papers used or held for use by Seller in the operation of the Sewer Properties, but not including cash, bank accounts or securities (all being herein referred to together as the "Personal Property"). Books, records, maps, surveys, drawings, engineering and financial studies and reports, plans, of Seller, that Seller is now using and may need in the future, shall be available for Buyer's inspection, and Buyer may make such copies as it requires, at its expense. The tract of Real Property at the location of Seller's existing sewage treatment plant (as shown on the abovementioned Exhibit B), together with said plant and all of the Personal Property on said tract is herein referred to as the "Treatment Plant", and all of the remainder of the Sewer Properties are herein referred to as the "Collection System";

(c) All collectors and interceptors used as combined sewers, for sanitary, wastes and storm drainage, subject to the provisions for Section 15.3 below, but excluding all mains which are used exclusively for storm drainage; and

(d) All contracts and related rights (excluding accounts receivable and unbilled revenues) arising under the Municipal Agreements.

2. Purchase Price. As the purchase price for the Sewer Properties; Buyer shall pay to Seller: —

(a) For the Treatment Plant, the sum of \$1,296,922.

(b) For the mobile equipment, listed on page 56 of the Appraisal made by George D. Sinclair, the sum of \$21,200.00.

(c) For other mobile and small equipment and tools, that Buyer may purchase, an amount to be determined by the parties by negotiation.

(d) For those facilities in the Collection System used to transport in

combination sewage from within the City limits of Seller and sewage from outside, an amount which bears the same proportion to the total value of such facilities, 2,551,926, as the number of equivalent dwelling units located outside said City limits and served by said facilities bears to the total of all equivalent dwelling units served by said facilities, all as jointly determined by the Consulting Engineers of the parties hereto.

(e) For the remainder of the Sewer Properties, an amount equal to the net amount of all current assets included therein, including unbilled revenues and certain customer accounts receivable at the valuation, and in other aspects as provided in Section 12 hereof, less the sum of all current liabilities assumed pursuant to Section 3 hereof and the credit for unearned revenues paid to Seller prior to the Closing as referred to in Section 12 hereof, all as shown on a balance sheet of Seller's sewer operations dated as close to the Closing as possible and jointly audited by the accountants of Seller and Buyer, subject to adjustment by said accountants immediately after the Closing. If the current liabilities exceed the current assets, the amount of the excess will be deducted from the amount determined under paragraph (a) of this Section.

(f) The cost of any audit, performed by accountants who are not Seller's employees, that Seller must obtain pursuant to the terms of this Agreement.

(g) For the additions and purchase of equipment mentioned in Section 4.0 (a) (ii), and Exhibit C, an amount to be determined by the Consulting Engineers of both parties.

3. Assumption of Liabilities. Buyer will assume and agree to pay or discharge (by appropriate instrument delivered at the Closing) all current liabilities of Seller incurred in the ordinary course of operating the Sewer Properties, but only to the extent reflected in the belowmentioned balance sheet of Seller dated December 31, 1971, as adjusted by any changes in the ordinary course of business and reflected in the adjusted balance sheet provided for in Section 2 hereof, and all of Seller's obligations under contracts listed on Exhibit A attached hereto, correct copies of which have been delivered by Seller, (together herein called the "Sewer System Liabilities") but such assumption shall not include taxes withheld from Seller's employees or social security taxes on Seller, or any other obligation except as set forth in this Section and in Section 9.1. Buyer also agrees to assume and to pay or discharge any liability of the Seller and the Chester Authority, under a loan, made to the Chester Authority and secured by a Contribution Agreement between Seller and Chester Authority, from Southeast National Bank for engineering fees, and related expenses, incurred in the preparation of plans for the new treatment plant. The total liability to be assumed by Buyer under said loan shall not exceed the total of the amounts due Seller under Sections 7.1, 7.2, and 7.3 hereof, together with interest thereon.

4. Representations and Warranties of Seller. The Seller represents and warrants as follows:

4.1. Seller is now the legal and beneficial owner of the Sewer Properties,

with good and marketable title thereto, free and clear of all liens, encumbrances, charges and defects in title, and in the case of the Real Property, such as will be insured by a reputable title insurance company at regular rates, except for those easements and restrictions in the line of title and minor encumbrances and defects which Seller represents will not individually or in the aggregate materially and adversely affect the use and operation of, or the right to use and operate, the Real Property. The Deed conveying the Real Property and the Bill of Sale and Assignment conveying the Personal Property, which have been or will be examined and approved by the parties, will properly describe or identify all the important Sewer Properties.

4.2 The Sewer Properties are in good and operable condition and are adequate in all respects for the providing of all sewage services in the Service Area as now being provided by Seller, except for the defects heretofore disclosed by Seller, and except those known by Buyer from its inspection of said properties, made prior to the date of this Agreement, and except for the need to enlarge and improve the quality of treatment at the Treatment Plant, referred to in Section 15.2 below.

4.3. Seller has all requisite, valid and assignable licenses, non-exclusive franchises, easements, consents, permits and regulatory approvals (including, without limitation, sewerage permits Numbers 5679 from the Pennsylvania Department of Environmental Resources, all requisite certificates of public convenience and rate approvals from the Public Utility Commission, all requisite permits for stream encroachments from the Pennsylvania Department of Forests and Waters and all requisite highway crossing permits from the Pennsylvania Department of Highways), to engage in the business of collecting, transporting and treating sewage in the Service Area, as such business is now conducted. Seller is not in violation of any of the provisions of any of the foregoing permits or any statutes under which such permits were granted, as now in force, except those of which Buyer is aware, Seller and Chester Authority also have applied for a sewage permit to enlarge the Treatment Plant, which is hereby assigned to Buyer. Seller and Chester Authority will join in executing the requisite applications to transfer the abovementioned sewerage permits to Buyer and will cooperate in effectuating such transfer as well as the transfer of all other permits from the Seller to the Buyer.

4.4. The execution, delivery and performance of this Agreement by Seller and Chester Authority have been duly authorized by all necessary municipal action, and this Agreement constitutes a valid and binding obligation of Seller in accordance with its terms, and the execution and performance of this Agreement by Seller will not violate any provisions of law and will not result in the breach of any term or provision of, or constitute a default or result in the acceleration of any obligation under, any loan agreement, indenture, financing agreement, lease, franchise, license, or any other agreement or instrument of any kind to which Seller is a party.

4.5. There is now pending no litigation, proceeding or controversy or complaint (formal or informal) to which Seller is a party or of which it has knowledge before any court, public utility commission, or other authority with respect to (1) the Sewer Properties, (b) Seller's right to operate any of them or the manner of such operation,

(c) its duty to serve elsewhere, or (d) contesting Seller's right to enter this Agreement, except the pending appeal by the Seller and The Chester Authority from the order of the Commonwealth of Pennsylvania relating to regional service in Delaware County, which Seller and Chester Authority will promptly discontinue of record, upon execution of this Agreement by all parties by February 14, 1973, and except a suit now pending against Seller requesting the preparation of a plan by Seller concerning the separation of the combined sanitary and storm sewers.

4.6. There are no contracts, indentures, refunding agreements or agreements in aid of construction, service or main extension deposits with respect to Seller or the Sewer Properties, except as listed in Exhibit A attached hereto or as heretofore disclosed in writing to Buyer. Neither Seller nor any of its property is subject to any commitments, obligations with respect to future employee compensation, licenses, reservations, exceptions, rights-of-way, judgments or court orders which (a) relate to and adversely affect the Sewer Properties, Seller's sewer service, or Seller's right to enter and perform this Agreement, or (b) extend beyond the Closing Date, except as heretofore disclosed in writing to Buyer.

4.7. Seller has delivered to Buyer certified financial statements relating to the Sewer Properties, as of December 31, 1971, and unaudited financial statements for the period June 30, 1972 to December 31, 1972, including reports of the results of operation of said Properties for the periods then ended, which are correct and complete and fairly present the financial condition of such Properties at such times including accurately stating all assets and liabilities, accrued, absolute, contingent or otherwise, and the results of operations for the periods then ended, all in accordance with generally accepted accounting principles consistently applied, except as set forth in the footnotes thereto. There has been no material and adverse change in said financial condition of said Properties or operations since December 31, 1971: Seller has no outstanding bonds or lease obligations relating to the Sewer Properties.

4.8. The Sewer Properties have not been, since December 31, 1971, materially and adversely affected permanently as a result of any casualty, drought, flood, strike, or other labor dispute, governmental order, litigation or administrative proceeding, riot, activities of armed forces, war or acts of God or the public enemy.

4.9. Since December 31, 1971: (a) Seller has not initiated any additions to the Sewer Properties, except for (i) the proposed expansion of the Treatment Plant referred to in Section 7.1 below, (ii) certain additions and purchases of equipment as described in Exhibit C to be attached hereto, and (iii) such minor additions as have been necessary to provide reasonably adequate service in the regular and ordinary course of business; or (b) made any increases in the rates of compensation of supplementary benefits payable to any of its employees or entered any other contract or commitment except as disclosed in writing to Buyer.

4.10. Seller is not, with respect to the Sewer Properties, in default under any provision of law, regulation, zoning or other ordinance, articles of incorporation, by-laws, franchise, permit (including, without limitation, those referred to in Section 4.3

above), indenture, contract or other document which is applicable to or binding upon it.

4.11. The Sewer Properties are insured against all risks usually insured against by persons operating similar properties, under valid and enforceable policies issued by insurers of recognized responsibility in reasonably sufficient amounts. Seller will continue to maintain such insurance coverage up to and including the Closing Date, endorsing the policies to include Buyer's interest hereunder.

5. Conduct Pending Closing.

5.1. Pending the Closing Seller and Chester Authority will:

(a) operate the Sewer Properties only in the ordinary course and in accordance with all applicable local, state and federal laws and requirements;

(b) not enter into by or on behalf of Seller any contract or commitment relating to the Sewer Properties, except (i) normal and usual commitments for the purchase of materials and supplies, (ii) commitments related to the items referred to in Section 4.9 (a) (ii) above, or (iii) any which may receive the prior written approval of Buyer;

(c) not change the rate of compensation or the supplementary benefits payable by Seller to any employees operating the Sewer Properties, except any such changes that apply to all City employees;

(d) not mortgage, pledge or subject to lien or other encumbrance or dispose of any of the Sewer Properties; and

(e) give to Buyer and its authorized representatives full access during normal business hours throughout the period prior to the Closing to the Sewer Properties, and all related books, contracts, commitments and records of Seller, and will furnish Buyer during said period copies of all outstanding agreements, licenses and permits, summaries of insurance policies, lists of employees, descriptions of real estate, and such other information concerning the Sewer Properties and matters related thereto as Buyer may request. Seller will also inform Buyer promptly upon its learning of any event of fact which would adversely affect any representation or warranty herein.

(f) complete the design for a new sewage treatment plant (the "New Plant") on the site of the existing Treatment Plant, as a regional facility, with a capacity of 40 M.G.D. per day or more if requested by Buyer, pursuant to the comprehensive plan of the Delaware River Basin Commission and the requirements of Buyer, and pursuant to the existing contract between Chester Authority and Catania Engineering Associates, Inc., dated June 7, 1971, and the contract between such firm and Albright & Friel, dated May 24, 1972, copies of which agreements have been delivered to Buyer. Said Agreement between Seller and Catania Engineering Associates, Inc. will be amended

prior to the Closing in manner satisfactory to Buyer with respect to fees and options to terminate, and as so amended, said contract will be assumed by Buyer at the Closing. Seller hereby authorizes its above-named engineers to deliver copies of said plans to Buyer.

5.2. Pending the Closing Buyer will:

(a) use its best efforts to conclude long term service agreements with municipalities and large industrial discharges for treatment of wastes in the new Plant; and

(b) use its best efforts to conclude mutually satisfactory amendments to the Municipal Agreements, so that the provisions thereof will be the same as those of new agreements entered by Buyer with other discharges, for the same class of service (such service may, but need not, include operation of collection systems as determined by Buyer and the customers).

6. Conditions to Buyer's Obligations. The obligation of Buyer to complete the purchase hereunder is subject to fulfillment of the following conditions on or before the Closing Date (in addition to those expressed elsewhere herein):

6.1. Design of the New Plant shall have been completed.

6.1. A Buyer will have sold its sewer revenue bonds and received the proceeds from the sale thereof or made a temporary borrowing in an amount at least sufficient to pay the purchase price hereunder.

6.2. Seller's permits shall have been transferred to Buyer where such transfer is required by applicable laws or regulations.

6.3. Buyer shall have received a satisfactory opinion of Seller's solicitor, dated the Closing Date with respect to the matters referred to in Section 4.2, 4.3, 4.4, 4.5, and 4.10 as of the Closing Date, and to the effect that he has no knowledge of any fact which would cause the representations and warranties in this Agreement not to be true or the conditions of Closing herein not to have been performed as of the Closing Date. In giving his opinion with respect to the title to Real Property such solicitor may rely upon the policy of title insurance issued to Buyer.

6.4. Buyer shall have received from its Solicitors an opinion satisfactory to the Buyer with respect to all legal matters in connection with the transactions under the Agreement.

6.5. Seller shall have delivered to Buyer such deeds, easements, or assignments of easements, assignments, bills of sale, documents, instruments, information certifications and further assurances as solicitor for Buyer may reasonably require as necessary or desirable for transferring, assigning and conveying hereunder to Buyer

good and marketable title to the Sewer Properties, and otherwise affecting performance of this Agreement by Seller, and all shall be satisfactory in form and substance to Buyer and its solicitors. The Deed for the Real Property shall be a special Warranty deed of conveyance, with the requisite Pennsylvania Transfer Tax Stamps and any local real estate transfer tax stamps attached thereto and cancelled. The payment for any such transfer tax and stamps, if any, shall be made by Buyer.

6.6. Buyer shall have received from Seller, in form satisfactory to Buyer and its solicitor:

(a) a certified copy of the Ordinance duly enacted by Seller authorizing the transactions herein provided for; and

(b) a certificate to be delivered on the Closing Date, signed by the proper officers of Seller to the effect that (1) the representation of Seller in this Agreement are true, and (2) Seller has performed all conditions and Agreements contained herein.

7. Conditions to Seller's Obligations. The obligation of Seller to complete the sale hereunder shall be subject to fulfillment of the following conditions on or before the Closing Date (in addition to those stated elsewhere herein):

7.1. Buyer shall reimburse Chester Authority for amounts paid by it to its consulting engineers prior to the Closing under the contract (as amended) referred to in Section 5.1 (f), representing fees for services of such engineers under such contract, as amended, less amounts paid from proceeds of loans the liability on which is being assumed by Buyer hereunder. Said payments shall be made to said consulting engineers against release and discharge of all parties hereto as to all claims for services performed by said engineers prior to the Closing Date. All plans, studies and related papers prepared by said consulting engineers for which the abovementioned fees were charged, shall become the property of Buyer on the Closing Date.

7.2. Buyer shall have paid to Chester Authority for its solicitor, the amount of \$29,779.85, representing the agree upon fee, or portion thereof which is now owing, for services of such solicitor prior to the date hereof in connection with expansion of the Treatment Plant.

7.3. Buyer shall have paid to Seller the amount of \$26,148.37, representing other fees and expenses incurred by Seller and Chester Authority in the proposed enlarging of the Treatment Plant, prior to the date hereof, an itemized list of which has been delivered to Buyer. Said payment, and other payments provided for in Section 7.1 and 7.2 above shall be in addition to the purchase price provided for in Section 2 above, but none of the items thereby reimbursed shall be capitalized as part of the value of the Treatment Plant.

7.4. Buyer shall have given reasonable assurances of its ability and intention to proceed promptly following the Closing to construct the New Plant as a regional facility.

8. Closing. The Closing hereunder shall take place at the office of Buyer or of its indenture trustee, on such date as may be specified by Buyer on 45 days' written notice on or before September 30, 1973. The Closing Date shall be no later than September 30, 1973. Upon the performance of all conditions and covenants set forth herein and delivery to Buyer of all documents and instruments required hereby, Buyer shall deliver to Seller at the Closing: (a) cash or certified check (s) in the amount due under Section 2 above; and (b) a certified copy of all resolutions adopted by the Board of Buyer authorizing the transaction provided for herein; and (c) cash or certified check (s) for all other amounts due to Seller and/or Chester Authority hereunder.

9. Protection of Employees.

9.1. Buyer will use its best efforts to retain after the Closing Date all employees of Seller engaged in operation of the Sewer Properties on the Closing Date who desires to continue such employment, and to assign them to positions as nearly identical as possible to those now occupied by them for which they are found qualified by Buyer pursuant to job classifications established by it. If any employees are found not qualified for positions comparable to those now occupied by them, Buyer will use its best efforts to the end that they may become qualified and will then assign them to such comparable employment or the best available alternative position, subject to Buyer's ultimate right to terminate the employment of any employee who is unable or unwilling, after a reasonable period of time, to become qualified for available job classifications. Seller has no existing collective bargaining agreements. Buyer will provide health and accident insurance and other employee benefits for the employees retained by it at least as favorable to them in the aggregate as those now maintained by the City, subject to Section 9.2.

9.2. Following the Closing Date Buyer will establish pension and other plans for its employees containing such provisions as it may deem appropriate and as similar as feasible to the provisions of Seller's present pension plan. However, if Seller wishes to have employees formerly employed by it receive credit under Buyer's plan for past service with Seller, Seller will pay to Buyer the employee's contribution to the Seller's pension plan fund, and Seller will pay to Buyer the prorated amount Seller has contributed to said fund for the said employee's benefit. At its option Buyer may elect to have said employee or employees continue as members of the Seller's pension plan fund, if the same is permitted by law.

10. Risk of Loss. Seller assumes all risks of destruction, losses or damage to the Sewer Properties due to fire or other casualty up to the Closing. In the event any of the Properties are so destroyed or damaged prior to Closing, the part or parts so destroyed or damaged shall be replaced or repaired by Seller at its sole cost and expense, unless otherwise agreed by Buyer or unless Buyer agrees that the purchase price provided for in Section 2 hereof may be reduced by an amount equal to the estimated cost of replacement or repair of the part or parts so destroyed or damaged, provided, however, if any such destruction or damage shall, in the opinion of Buyer, be so extensive as materially and adversely to affect the feasibility of operation thereof

by Buyer, then Buyer shall not be obligated to consummate the purchase and sale contemplated herein, and Buyer shall not have any obligations whatever to Seller by reason hereof.

11. Indemnifications.

11.1. Buyer shall assume, indemnify and hold harmless Seller against any and all claims or liabilities arising from the ownership and operation of the Sewer Properties and attributable to the period after 11:59 P.M. on the Closing Date.

11.2. For a period of three years after the Closing Seller shall indemnify and hold harmless Buyer against any and all claims, suits, damages, loss, expenses or liabilities whenever presented or determined arising from the ownership or operation of the Sewer Properties by Seller whether under contracts, permits or franchises assigned to Buyer or otherwise, and attributable to the period prior to 11:59 P.M. on the Closing Date.

12. Unbilled Revenues; Accounts Receivable.

(a) All unbilled revenues of Seller and revenues billed in advance (other than those under the Municipal Agreements) will be prorated to the Closing Date, with Buyer receiving a credit for revenues received by Seller prior to, and allocable to service after, the Closing. Such revenues allocable to the period prior to the Closing, will be purchased by Buyer on the Closing Date as part of the Sewer Properties, along with all of Seller's other accounts receivable, less than 90 days old. The purchase price for said accounts and unbilled revenues shall be the face amount thereof less 10% as a reserve for noncollectability, based on Seller's prior experience. Within 90 days after the Closing Date Buyer will notify Seller as to the amount collected by Buyer with respect to said accounts and unbilled revenues. If the amount not collected and thereby deemed to be uncollectable shall vary from the amount of the deduction provided for above, by more than \$3,000, then appropriate adjustment will be made in the purchase price hereunder, and additional payment or refund will be promptly made. Uncollected accounts then will be assigned by Buyer to Seller.

(b) Accounts receivable under the Municipal Agreements will be retained by Seller. Unbilled revenues under such Agreements will be collected by Buyer which will promptly remit to Seller an amount thereof allocable to the period prior to the Closing.

13. Survival of Agreements, Representations and Warranties. All agreements, representations and warranties contained in this Agreement will survive completion of the Closing hereunder.

14. Additional Assurances and Payments. Subsequent to the Closing Seller will execute and deliver such additional documents as Buyer may reasonably request to perfect Buyer's title to the Sewer Properties or carry out the intention of this Agreement. Without limiting the foregoing, Seller will pay over to Buyer any amount representing

the State subsidy for sewage treatment plants allocable to the period after the Closing and received by Seller after the Closing, and amounts received in respect of accounts receivable or other rights transferred to Buyer hereunder (subject to Section 12).

15. Service by Buyer following Closing Date.

15.1. Following completion of the Closing Buyer shall have the exclusive right and duty to provide collection, transportation, treatment and disposal of sanitary sewage and industrial wastes (but not storm or surface drainage, except in existing combined sewers subject to Section 15.3 hereof) in the Service Area, to the fullest extent permitted by law within Seller's City limits and only limited elsewhere by the provisions of Seller's existing agreements with private users and shall have the same right and duty outside the Service Area to the extent provided by the Municipal Agreements as they may be amended.

15.2. As soon as possible following the Closing Buyer will use its best efforts to construct and complete the New Plant, and thereafter to operate it as a regional facility for the Service Area and such other areas as Buyer may determine to serve. Buyer may serve by contract with municipalities or may serve the public directly as agreed to by the municipal authorities in each case. Buyer will also operate and maintain the Collection System and make such improvements and extensions thereto as it may deem desirable and financially feasible to construct and operate.

15.3. Existing sewers in the Service Area used for the combined transportation of sanitary wastes and surface drainage shall initially be operated and maintained by Buyer as part of the Collection System. When required by regulatory authorities, or when for other reasons it is determined by Buyer, to replace combined sewers by separate sanitary and storm sewers, Buyer shall cause its consulting engineers to prepare a feasibility study estimating in the case of each sewer the relative cost of building a new sanitary sewer and in the alternative of building a new storm sewer, including in both alternatives the cost of repairing the existing sewer to transport material not carried in the new sewer. Such studies shall be transmitted to Seller. If the total costs, as determined by said studies, of building a new sanitary sewer is less than the cost of building a new storm sewer, then the new sewer will be built and operated by and at the expense of Buyer (which will convey the old sewer to the Seller for a nominal consideration), and Buyer will be entitled to increase its charges to recover the associated costs. If however, the cost of building a new storm sewer is the lesser of the two, then upon request by Buyer Seller will promptly construct such sewer and thereafter operate and maintain it, excluding storm and surface drainage thereafter from the old sewer, all at Seller's expense, and Buyer will continue to operate the old sewer. In each case the party having the duty to construct the new sewer will make at its expense requisite repairs to the old sewer.

15.4. In carrying out its responsibilities under this Section 15 Buyer will impose rates involving three elements. First, will be a charge for treatment at the existing Treatment Plant and later at the New Plant, which will be uniform for all users of

particular classes in the region served thereby, to recover in the most equitable manner all costs involved in such treatment. "Costs" when used in this Section shall mean all applicable costs of construction and acquisition and other capital items, all applicable operating items, a prorated portion of general administrative costs and of appropriate amounts to establish reasonable reserves (of money and of capacity in facilities for future need of the Service Area - City of Chester). Second, a charge will be imposed on users outside the Service Area to recover all costs of conveyance of sewage from such areas to the New Plant. The rates for customers in the Service Area will not include any of the costs for conveyance of sewage from places outside the Service Area. Third, a charge will be imposed within the Service Area, to recover the costs of collection and conveyance of sewage originating in such Area, including, without limitation, those referred to in Section 15.3 above, which will be uniform for all users of particular classes. Customers in the Service Area will bear none of the costs of collection of sewage outside such Area. Buyer's good-faith determinations as to elements of cost, classification of customers, size of reasonable reserves and similar matters in carrying out the foregoing principles shall be conclusive, and charges shall be subject to change from time to time as may be necessitated by increasing costs, the need for expansions, replacements and improvements, provisions of bond indentures, State and Federal grant agreements, regulatory requirements and similar developments. Notwithstanding any provision herein to the contrary, users in the Service Area shall not be required to pay, either directly or indirectly through the use of accumulated reserves, for any costs of future expansion of the New Plant or the expansion, extension or construction of any other facility, except to the extent such expansion, extension or construction is needed to serve the Service Area, unless otherwise required by law.

15.5. Seller may exclude from the sale hereunder a reasonable amount of equipment needed by it following the Closing to operate and repair the storm sewers which will continue as its property.

15.6. The provisions of this Section 15 shall continue in force for a term ending November 17, 2022 and thereafter for a term as long as the existence of the Authority unless terminated by either party on one year's notice prior to the end of the then-current term.

15.7. If at any time in the future during the term of this Section 15 or at the end thereof, Buyer ceases to operate the system being purchased by it hereunder, then the fixed assets and the Real Property, other than the Treatment Plant and those facilities in the Collection System described in Section 2 (d) shall revert to Seller's ownership rather than to the County of Delaware or any other agency.

16. Miscellaneous.

16.1. Termination. Both parties hereto will use their best efforts to cause the conditions performable by them to be performed, but if they have not been either performed or waived prior to the last date for Closing hereunder, this Agreement will

automatically terminate and neither party shall have any obligation or liability by virtue of the execution hereof.

16.2. Notices. Any notice to be given either party hereunder shall be given in writing and shall be sufficient if sent by certified mail or by telegram, confirmed by certified mail, if to Buyer, address to Delaware County Regional Water Quality Control Authority, Court House, Media, Pennsylvania, and if to Seller, addressed to Chester Municipal Building, Fifth and Welsh Streets, Chester, Pennsylvania.

16.3. Contents of Agreement, Governing Law, etc. This Agreement sets forth the entire understanding of the parties, shall be governed by the laws of the Commonwealth of Pennsylvania, shall not be assigned by either party hereto, and all amendments to it shall be in writing and signed by both parties hereto.

16.4. Rights of Parties. This Agreement shall not be construed to create any right in favor of anyone except the parties hereto.

16.5. Intent of Parties. It is the intent of the parties that DELCORA will acquire, own, maintain, and operate the property of the Seller, and supply sewage treatment and collection service in accordance with the provisions of this Agreement, even though the proposed new treatment plant is not built at this time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first stated.

CITY OF CHESTER

By: John H. Narcrelli
Mayor

Attest: Diane Y. Taylor
Acting City Clerk

CHESTER SEWER AUTHORITY

By: Raymond J. McLaughlin
Chairman

Attest: Max S. Polomski
Secretary

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: William H. Turner
Chairman

Attest: George F. Blessing
Secretary

EXHIBIT "A"

ATTACHED TO AGREEMENT OF SALE AND SERVICE

BETWEEN

CITY OF CHESTER

CHESTER SEWER AUTHORITY

and

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

MUNICIPAL AGREEMENTS

OF CITY OF CHESTER

<u>Date</u>	<u>Parties</u>
1. September 6, 1956 December 1, 1960	Chester Township Supplement
2. February 13, 1963	Southern Delaware County Sewer Authority
3. September 10, 1956	Borough of Parkside
4. June 18, 1963	Nether Providence Township
5. July 7, 1964	Borough of Upland
6. September 25, 1964	Borough of Brookhaven
7. September 27, 1966	Borough of Trainer & Trainer Sewer Authority
8. May 3, 1966	Borough of Rose Valley
9. July 30, 1962	Pileggi Development Corp.
10. February 11, 1969	Alexander Chonez, Sr. Alexander Chonez, Jr. Margarite Chonez
11. May 4, 1971	Philadelphia Quartz Co.
12. October 16, 1970	Job Johnny
13. May 1, 1963	Shane Enterprises

EXHIBIT "B" TO AGREEMENT OF
SALE AND SERVICE

BETWEEN

CITY OF CHESTER

CHESTER SEWER AUTHORITY
and

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

DATED: February 1, 1973

ALL THAT CERTAIN tract, piece or parcel of land, SITUATE in the City of Chester, in the County of Delaware and in the State of Pennsylvania and bounded and described as follows, to wit:

BEGINNING at a point in the Southerly right of way line of the South Chester Branch of the Philadelphia, Baltimore and Washington Railroad, Two hundred sixty feet Southwest of the center of Morton's Run, said point being distance Seventy-four and seventy one-hundredths feet measured Northwestwardly from a point in and at right angles to the center line of Delaware Avenue and being distance Six and thirty-eight one-hundredths feet measured Northeastwardly from a point in and at right angles to the center line of Clayton Street; extending thence along said right of way line North forty-seven degrees, forty minutes, eleven seconds East a distance of Two hundred sixty feet to a point in the middle of Morton's Run; thence along the middle of said Run as follows, viz: South Forty degrees, twenty-six minutes, eleven seconds East a distance of One hundred forty-three and forty-eight one-hundredths feet to a point; said point being in the center line of Delaware Avenue and distance Two hundred eighty-nine and forty-seven one-hundredths feet measured Northeastwardly from a point in and at right angles to the center line of Clayton Street; thence along the middle of said Run as follows: South Forty-five degrees, three minutes, thirty-five seconds East a distance of One thousand one hundred fifty-four and twenty-one one-hundredths feet to a point; thence South Twenty-seven degrees, forty-six minutes, fifteen seconds East a distance of Four hundred two and seventy-three one-hundredths feet to a point, said point being in the Delaware River Bulkhead Line as established by the War Department July 10th., 1916; thence along said Bulkhead Line as follows: South Fifty-four degrees, six minutes five seconds West a distance of Five hundred thirty-five and twenty one-hundredths feet to a point; thence North Forty-five degrees, three minutes, thirty-five seconds West a distance of One thousand five hundred eighty-four and sixty-four one-hundredths feet to a point; said point being in the Southeasterly line of land now or formerly of the Delaware County Electric Company; thence by land of the said Delaware County Electric Company as follows: North Forty-eight degrees, ten minutes, eleven seconds East a distance of Two hundred forty-four and ninety-one one-hundredths feet to a point; thence by land of the said Delaware County Electric Company as follows; North Thirty-one degrees, ten minutes, eleven seconds East a distance of One hundred sixty feet to the point of beginning.

CONTAINING 23.902 Acres of Land.

EXCEPTING AND RESERVING thereout and therefrom a right of way Forty feet in width leading from Clayton Street projected across the tracts of the Philadelphia

EXHIBIT "B"

Page Two

EXCEPTING AND RESERVING thereout and therefrom a right of way Forty feet in width leading from Clayton Street projected across the tracts of the Philadelphia and Reading Railway Company and the Pennsylvania Railroad Company and along the Northerly side of the herein described premises and running Southwestwardly to other lands of the Atlantic Refining Company into said right of way The Atlantic Refining Company reserved for itself its successors and assigns, the right of ingress, regress and regress over, on and along the said Forty feet wide right of way hereafter and forever in common with the City of Chester. The cost and maintenance of improving roadway in said right of way to be borne equally between The Atlantic Refining Company, its successors and assigns and the City of Chester, its successors and assigns.

Copying Prohibited

EXHIBIT "C"

ATTACHED TO AGREEMENT OF SALE AND SERVICE

BETWEEN

CITY OF CHESTER

CHESTER SEWER AUTHORITY

and

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

The additional equipment installed at the treatment plant, required to initiate chemical treatment process and chlorination as required by the Pennsylvania Department of Environmental Resources in order to have the construction band lifted, including chlorinators, 10,000 gallon tank, and a chemical pump.

Copying Prohibited

EXHIBIT C

City of
CHESTER
PENNSYLVANIA

OFFICE OF CITY SOLICITOR

(215) 447-7715

6-7763



★ ★ ★ MUNICIPAL BUILDING - FIFTH AND WELSH STREETS - CHESTER, PA. 19013

February 6, 1986

RECEIVED FEB 10 1986

REFER TO.....

ANSWD.....

Mr. William C. Ross
Executive Director
Delaware County Regional Water
Quality Control Authority
100 East Fifth Street
P.O. Box 999
Chester, PA 19016

Re: Amendment to Agreement of Sale and Service

Dear Bill:

In accordance with your letter dated January 31, 1986, the City has reexecuted the Amendment to Agreement of Sale and Service on the Agreement which DELCORA signed. Attached is a copy for your records.

Sincerely,


Edward J. Zetuský, Jr.
City Solicitor

EJZ, JR/jmb

Attachment

COPY

AMENDMENT TO
AGREEMENT OF SALE AND SERVICE

COPY

This Agreement, dated as of the 21ST day of JANUARY, 1986, between the City of Chester ("City") and Delaware County Regional Water Quality Control Authority ("DELCORA") is intended to amend a certain Agreement of Sale and Service entered into between the parties hereto as of the 12TH day of FEBRUARY, 1973.

WITNESSETH:

WHEREAS, the parties hereto entered into a certain Agreement of Sale and Service dated February 12, 1973; and

WHEREAS, certain questions of interpretation have resulted from that Agreement; and

WHEREAS, the passage of time and compliance with USEPA MIPP Requirements has dictated the necessity of certain modifications to that Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby agree as follows:

1. All terms and conditions of the Agreement of Sale and Service dated February 12, 1973, between the parties hereto shall remain in full force and effect as modified or amended by this Agreement.

2. The cost sharing provisions of Article 15.3 of the original Agreement are amended and consolidated with notice provisions as follows: Rehabilitation, improvement, replacement, additions and repairs to the sanitary sewer system located within the City of Chester will be planned and implemented at the sole discretion of DELCORA. Similar work on combined sewer systems necessary to maintain or improve their sanitary flow capacities

will also be at the sole discretion of DELCORA. DELCORA will not be required to upgrade or improve combined sewers for the primary purpose of conveying storm flows unless the City agrees to bear an equitable share of the costs. For other than emergencies, DELCORA will give notice by certified letter of any major improvements, replacements or additions to these systems within the City ninety (90) days in advance of the scheduled date for bid advertisement. This notice shall provide the location, purpose and duration of the work, and any impact it may have on service to the City. DELCORA will consider any comments received from the City within sixty (60) days of such notice. Cost apportionment for separation of combined sewers will be handled as described in Section 15.3. of the original agreement.

3. The City agrees to advise DELCORA by certified letter of any storm sewer construction undertaken or planned which will affect storm flows to the sewer system owned by DELCORA. If any such projects would increase storm flows to DELCORA's system, such work shall not be undertaken without DELCORA's written approval. The City further agrees to exert its best effort to provide a minimum of thirty (30) days notice of any need to adjust manhole frames and covers on DELCORA's system to facilitate highway repaving.

4. Parties hereto agree that Section 15.4 of the original agreement is hereby modified and amended to allow for a utility rate basis for treatment, conveyance and collection services. These rates would be uniform for all users within a particular class in the region served and would be equitable between classes. Costs may include pro rata shares of administrative and general expenses, costs of effective and reasonable operation, maintenance, repair, renewal, and replacement, ordinary improvements, and all amounts required to carry and amortize

temporary and bonded indebtedness and required and reasonable reserves. Such charges will not include any costs of collection, conveyance and treatment of wastewaters in the Eastern Delaware County service area. DELCORA's good faith determinations as to elements of costs, classification of customers, size of reasonable reserves and like matters shall be conclusive.

5. Sewer Use. City agrees to comply with DELCORA's regulations on sewer use, to fully cooperate with DELCORA in the administration and enforcement of such regulations, and to adopt such ordinances as may be reasonably required by DELCORA to facilitate such control, administration, and enforcement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers of the date first stated.

CITY OF CHESTER

By: W. H. James Leake
Mayor

Attest: Leggy W. Charleston
City Clerk

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: John J. O'Malley
Chairman

Attest: George J. Wythe
Secretary

Copying Prohibited

EXHIBIT D

**AGREEMENT BETWEEN THE DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY (DELCORA) AND CITY OF CHESTER (CITY)
CONTAINING AN EASEMENT TO PERMIT DELCORA TO OPERATE AND
MAINTAIN A PIPELINE ON, UNDER AND AS PART OF PROPERTY OF THE CITY .**

(FACILITIES EASEMENT)

THIS AGREEMENT ("Agreement") made this 26th day of November, 2014, between the CITY OF CHESTER, Delaware County, a municipality of the Commonwealth of Pennsylvania with its principal place of business at 1 Fourth Street, Chester PA 19013 (hereinafter, the "CITY") and DELAWARE COUNTY REGIONAL QUALITY CONTROL AUTHORITY, a municipal authority of the Commonwealth of Pennsylvania with its principal place of business at 100 East Fifth Street, Chester, PA 19013 (hereinafter "DELCORA"), provides as follows:

BACKGROUND

WHEREAS, DELCORA is a municipal authority that operates, among other things, sewage treatment facilities. CITY is a municipality and the owner of Boothe Street, 3rd Street, Concord Avenue, 2nd Street and Dock Street in the City of Chester, Delaware County, Pennsylvania (hereinafter "Burdened Roadways") within, under and as part of which there is included DELCORA's utility facilities consisting of a forty-eight inch (48") force main (hereinafter, the "Force Main"); and

WHEREAS, The Force Main is owned by DELCORA and DELCORA has operated and maintained the Force Main since approximately 1975; and

WHEREAS, DELCORA and CITY wish to formally acknowledge and memorialize the CITY's grant of easement and right of way to DELCORA, its successors and assigns, for the purpose of installing, constructing, maintaining, operating, inspecting, repairing, renewing, relocating, replacing, changing or removing the Force Main; a wastewater force main, sewer lines, utilities, pipelines, including pipelines for conveyance of treated effluent, non-potable water, potable water, telecommunications lines, fiber optic lines and/or petroleum products, and/or other incidental improvements and any appurtenances and appliances thereto, including force main and/or pipeline within the existing Force Main (collectively hereinafter, the "Facilities), with a width of Thirty Feet (30') within, under and as part of those portions of the Burdened Roadways located in the City of Chester, County of Delaware, Commonwealth of Pennsylvania in accordance with legal description made by Catania Engineering Associates, Inc., entitled "3rd Street Forcemain", dated April 29, 2013, attached hereto and made part hereof as Exhibit A (hereinafter, the "Easement Area")

NOW, THEREFORE, in consideration of the foregoing recitals, incorporated herein by reference hereto, and of the mutual agreements herein contained, and intending to be legally bound hereby, DELCORA and CITY hereby agree as follows:

AGREEMENT

1. CITY hereby grants and conveys to DELCORA, its successors and assigns, a permanent easement and right-of-way with a width of Thirty Feet (30') in, upon, across and under the Easement Area (as described in Exhibit "A" herein) for the purpose of installing, constructing, maintaining, operating, inspecting, repairing, renewing, relocating, replacing, changing or removing the Facilities, including but not limited to the Force Main, a wastewater force main, sewer lines, utilities, pipelines, including pipelines for conveyance of treated effluent, non-potable water, potable water, telecommunications lines, fiber optic lines and/or petroleum products, including force main and/or pipeline within the existing Force Main.
2. DELCORA shall, to the extent permitted by the Political Subdivision Tort Claims Act, indemnify and save harmless CITY from all damages not caused by the CITY or its agents, resulting from the operation, maintenance, repair, upgrade, replacement, enlargement and/or improvement of the Facilities, or the failure of the Facilities. DELCORA, its successors and assigns shall be solely responsible for the operation, maintenance, repair, upgrade, replacement enlargement and/or improvement of Facilities and CITY shall not be required to furnish any service in connection therewith. In the exercise of its rights and obligations hereunder, DELCORA, its successors and assigns shall comply in all material respects with all applicable laws, regulations, ordinances and codes.
3. This Agreement, and the easement and right-of-way granted hereunder, shall run with the land and shall burden CITY's property. This Agreement shall inure to the benefit of, and be binding upon DELCORA and CITY, and their respective successors and assigns. This Agreement, once executed and delivered, shall not be modified, supplemented, amended or altered in any respect except by a writing signed by both DELCORA and CITY or their respective successors or assigns.
4. DELCORA and CITY agree that DELCORA shall pay the following for this easement: (a) Seventy Five Thousand Dollars (\$75,000.00) in immediately available funds payable upon the date of the CITY's execution and delivery of this Agreement to DELCORA; and (ii) ten percent (10%) of any proceeds received by DELCORA from the sale or lease of the easement by DELCORA to any third party (the "Revenue Stream"). DELCORA shall include in any agreement of sale or lease relating to the easement with any third party a provision placing such third party on notice of the right of the CITY to receive the Revenue Stream hereunder. DELCORA shall provide with CITY with notice of its intent to close a sale or enter into a lease agreement for the easement and a true, complete and correct copy of any agreement of sale or lease agreement at least twenty (20) days in advance of the settlement date (in the event of a sale transaction) or the occupancy date (in the event of a lease transaction). All monies due to the CITY hereunder on account of such Revenue Stream shall be either (i) paid directly by such third party to the City on the same date as it pays DELCORA; or (ii), if paid by the third party to DELCORA, DELCORA shall hold such Revenue Stream monies in trust for the benefit of the CITY and pay over such monies to the CITY no later than ten (10) days after receipt by DELCORA of such sale or lease proceeds. The CITY reserves the right to audit the books of DELCORA from time to time to monitor compliance with this requirement.

5. Additionally, DELCORA, its successors and assigns shall be responsible for all costs associated with design and installation of the Facilities. This Agreement shall be executed in any number of counterparts, each of which shall be executed as of the first date above written.

IN WITNESS WHEREOF, DELCORA and CITY have caused this Agreement to be executed as of the date first above written.

ATTEST:

CITY OF CHESTER

By: Cardea Jefferson
City Clerk
Title

By: John A. Hinder
Mayor
Title

ATTEST:

DELAWARE TOWNSHIP REGIONAL
QUALITY CONTROL AUTHORITY

By: _____

Title

By: _____

Title

5. Additionally, DELCORA, its successors and assigns shall be responsible for all costs associated with design and installation of the Facilities. .

6. This Agreement shall be executed in any number of counterparts, each of which shall constitute an original, but all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, DELCORA and CITY have caused this Agreement to be executed as of the date first above written.

ATTEST:

CITY OF CHESTER

By: _____

By: _____

Title

Title

ATTEST:

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: David G. Gorbey

David G. Gorbey
Secretary

Title

By: Stanley R. Kester

Stanley R. Kester
Chairman, Board of Directors

Title

[seal]

Commonwealth of Pennsylvania

County of Delaware

On this the 26th day of November, 2014, before me, a Notary Public, personally appeared John A. Linder, who acknowledged himself to be the Mayor of the City of Chester, Delaware County, Pennsylvania and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes contained therein by signing the name of the Municipality by himself as such officer.

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

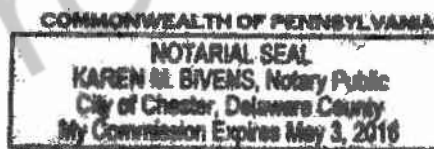
Karen M. Bivens
Notary Public

My Commission Expires:

5-3-2016

Commonwealth of Pennsylvania

County of Delaware



On this the _____ day of _____, 2014, before me, a Notary Public, personally appeared _____, who acknowledged himself to be the _____ of the Delaware County Regional Water Quality Control Authority, a Pennsylvania Municipal Authority and that as such officer being duly authorized to do so, executed the foregoing instrument for the purposes contained therein by signing the name of the corporation by himself as such officer.

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

Notary Public

My Commission Expires:

Commonwealth of Pennsylvania

County of Delaware

On this ____ day of _____, _____ before me, a Notary Public, personally appeared _____, who acknowledged himself to be the _____ of Township of Newtown, a municipality of the Commonwealth of Pennsylvania, and that as such officer, being duly authorized to do so, executed the foregoing instrument for the purpose therein contained by signing in the name of the company by himself as such officer.

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

Notary Public

My Commission Expires:

Commonwealth of Pennsylvania

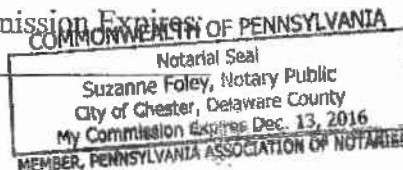
County of Delaware

On this 18th day of November, 2014, before me, a Notary Public, personally appeared Stanley R. Kester, who acknowledged himself to be the Chairman BOD of the Delaware County Regional Water Quality Control Authority, a Pennsylvania Municipal Authority and that as such officer, being duly authorized to do so, executed the foregoing instrument for the purpose therein contained by signing in the name of the corporation by himself as such officer.

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

Suzanne Foley
Notary Public

My Commission Expires:





CATANIA ENGINEERING ASSOCIATES, INC.

Consulting Engineers & Land Surveyors

Legal Description
3rd Street Forcemain
Delcora
City of Chester, Delaware County

April 29, 2013
File #81600-2013-1

ALL THAT CERTAIN sanitary sewer force main and appurtenances thereto situate in the City of Chester, County of Delaware, Commonwealth of Pennsylvania, being bounded and described according to a plan of Chester Sewage Forcemain - Contract #12 for Delaware County Regional Water Quality Control Authority dated July 1, 1975 prepared by Albright & Friel, a division of Betz Environmental Engineers, Inc., Plymouth Meeting, Pa as follows to wit:

BEGINNING at a point in the bed of Booth Street, said point being located 465 feet Southeasterly from 2nd Street; THENCE (1) in the bed of Booth Street in Northwesterly direction 1,000 feet, more or less, to 3rd Street; THENCE (2) in the bed of 3rd Street in a Northeasterly direction 7,800 feet, more or less, to the intersection of Pusey Street; THENCE (3) continuing in the bed of 3rd Street in an Easterly direction 2,400 feet, more or less, to the intersection of Concord Avenue; THENCE (4) in the bed of Concord Avenue in a Southeasterly direction 350 feet, more or less, to the intersection of 2nd Street; THENCE (5) in the bed of 2nd Street in an Easterly direction 735 feet, more or less, to a point along 2nd Street; THENCE (6) crossing the bed of 2nd Street in a Southeasterly direction 75 feet, more or less, to the 2nd and Dock Street pumping station.





pennsylvania
DEPARTMENT OF REVENUE

Bureau of Individual Taxes
PO BOX 280603
Harrisburg, PA 17128-0603

REALTY TRANSFER TAX STATEMENT OF VALUE

See reverse for instructions.

RECORDER'S USE ONLY

State Tax Paid

Book Number

Page Number

Date Recorded

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) the deed is without consideration or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on family relationship or public utility easement. If more space is needed, attach additional sheets.

A. CORRESPONDENT - All inquiries may be directed to the following person:

Name

Telephone Number:

J. Adam Matlawski

Mailing Address

1223 N Providence Road

City

Media

State

PA

ZIP Code

19063

B. TRANSFER DATA

Grantor(s)/Lessor(s)

City of Chester

Mailing Address

1 Fourth Street

City

Chester

State

PA

ZIP Code

19013

C. Date of Acceptance of Document

Grantee(s)/Lessee(s)

Delaware County Regional Water Quality Control Authority

Mailing Address

100 East Fifth Street

City

Chester

State

PA

ZIP Code

19013

D. REAL ESTATE LOCATION

Street Address

City streets (Booth St.; 3rd St.; Concord Ave.; Dock St.)

County

Delaware County

School District

Chester-Upland

Tax Parcel Number

City, Township, Borough

Chester

E. VALUATION DATA - WAS TRANSACTION PART OF AN ASSIGNMENT OR RELOCATION? ☐ Y ☒ N

1. Actual Cash Consideration

75,000.00

2. Other Consideration

+ 0.00

3. Total Consideration

= 75,000.00

4. County Assessed Value

5. Common Level Ratio Factor

X

6. Fair Market Value

=

F. EXEMPTION DATA

1a. Amount of Exemption Claimed

100.00

1b. Percentage of Grantor's Interest in Real Estate

100

1c. Percentage of Grantor's Interest Conveyed

100

Check Appropriate Box Below for Exemption Claimed.

☐ Will or intestate succession.

(Name of Decedent)

(Estate File Number)

☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)

☐ Transfer from a trust. Date of transfer into the trust

If trust was amended attach a copy of original and amended trust.

☐ Transfer between principal and agent/straw party. (Attach complete copy of agency/straw party agreement.)

☒ Transfers to the commonwealth, the U.S. and instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)

☐ Transfer from mortgagor to a holder of a mortgage in default. (Attach copy of mortgage and note/assignment.)

☐ Corrective or confirmatory deed. (Attach complete copy of the deed to be corrected or confirmed.)

☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)

☐ Other (Please explain exemption claimed.)

Under penalties of law, I declare that I have examined this statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

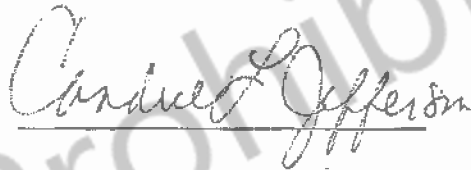
Signature of Correspondent or Responsible Party

Date

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH REQUESTED DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

CERTIFICATION

I, Candice L. Jefferson, City Clerk of the City of Chester, do hereby certify that the attached is true and correct copy of a Resolution passed by the Council of the City of Chester at its regularly scheduled council meeting on November 26, 2014.

A handwritten signature in cursive script, reading "Candice L. Jefferson", written over a horizontal line.

Candice L. Jefferson
City Clerk

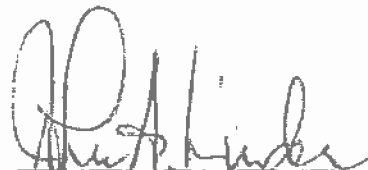
RESOLUTION


THE COUNCIL OF THE CITY OF CHESTER DOES RESOLVE:

That it does hereby approve entering into the attached Easement Agreement between the City of Chester and the Delaware County Regional Water Quality Control Authority (DELCORA), to allow for a permanent easement and right-a-way to permit DELCORA to operate and maintain an existing forty-eight (48") force main pipeline situated under and as part of portions of Booth Street, 3rd Street, Concord Avenue, 2nd Street and Dock Street, for the consideration of \$75,000.00 in immediate available funds upon the execution of this agreement and ten percent (10%) of any proceeds received by DELCORA from the sale or lease of the easement by DELCORA to any third party.

FURTHER, that it does hereby authorize the proper City official to execute said agreement and any other documents necessary for and on behalf of the City of Chester.

WE HEREBY CERTIFY that this Resolution passed Council this 26th day of November, A.D. 2014.


MAYOR

Attest: 
CITY CLERK

Delaware County Recorder of Deeds

Customer Receipt

Receipt Number: 608108
Printed on 12/3/2014 11:18:45 AM
Operator ID: CARATELLOC
Submitter Name:
MCNICHOL BYRNE AND MATLAWSKI

Charges

DM-DEED MISCELLANEOUS

RECORD BK05576-0649 2014060700
Recorded: 12/03/2014 11:18:43 AM:1

Recording Fee	\$73.50
No of Pages 10	\$12.00
Affordable Housing Surchar	\$30.00
Co Improvement Fund Surchar	\$5.00
Subtotal:	\$120.50

Payments

R-Check #7143	\$120.50
---------------	----------

Totals

Total Charges	\$120.50
Total Payments	\$120.50
Balance	\$0.00

Copying Prohibited

EXHIBIT E

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

By and Among

The Delaware County Regional Water Quality Control Authority,

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

Dated as of September 17, 2019

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of September 17, 2019 (the "Effective Date"), is made and entered into by and among the Delaware County Regional Water Quality Control Authority, a body corporate and politic, organized under the Pennsylvania Municipal Authorities Act (the "Seller"), and Aqua Pennsylvania Wastewater, Inc., (the "Buyer"), a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania.

RECITALS:

WHEREAS, on the Effective Date, the Seller, acting by and through its board of directors, owns that certain sanitary wastewater collection and treatment system (the "System") that provides sanitary wastewater service to various customers in Delaware County, Pennsylvania (the "Service Area"); and

WHEREAS, Buyer is a regulated public utility that furnishes wastewater service to the public in various counties throughout Pennsylvania; and

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

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

ARTICLE I.

DEFINITIONS

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

"Acquired Assets" has the meaning specified in Section 2.01.

"Affiliate" means, when used to indicate a relationship with a specified Person, a Person that, directly or indirectly, through one or more intermediaries has a 10% or more voting or economic interest in such specified Person or controls, is controlled by or is under common control with (which includes, with respect to a managed fund or trust, the right to direct or cause the direction of the management and policies of such managed fund or trust as manager, advisor, supervisor, sponsor or trustee pursuant to relevant contractual arrangements) such specified Person, and a Person is deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any

Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise (and for purposes of this definition, a managed fund or trust is deemed to be an Affiliate of the Person managing, supervising, sponsoring or advising such fund or trust and a limited partner in a managed fund or trust is deemed to be an Affiliate of such fund or trust and of the Person managing, supervising, sponsoring or advising such fund or trust).

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

“Assigned Contracts” has the meaning specified in Section 4.15.

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

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

“Authorizations and Permits” mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, adjudications, variances, waivers and approvals currently in effect issued or granted by Governmental Authorities, including without limitation, environmental permits, operating permits and approvals that are held by the Seller that primarily relate directly or indirectly to the operation of the System, including those described in Schedule 4.14.

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

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

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

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

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

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

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

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

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

“Collective Bargaining Agreement” means the agreement between Seller and Teamsters, Local 115 of Philadelphia, effective January 9, 2019 through January 9, 2022, as may be amended from time to time.

“Combined Sewer Overflow” or **“CSO”** means any discharge from the Seller’s Combined Sewer System at a CSO Outfall in the Combined Sewer System from which combined sewage and stormwater are discharged and so designated in the currently applicable Seller NPDES Permits.

“Combined Sewer System” means the portion of the Seller’s System designed to convey municipal sewage, wastewaters (domestic, commercial, and industrial) and stormwater runoff in the same system of pipes to a waste water treatment plant.

“Combined Sewer System Assets” means the assets of the System designed and constructed to collect and convey municipal sewage (i.e., domestic, commercial and industrial) and stormwater through a single pipe-system to a waste water treatment plant or CSO structures, including (i) wastewater collection pipes, pumping stations and other assets used for wastewater collection, (ii) stormwater drains, pipes, collection basins, pumping stations and all other stormwater drainage assets used for stormwater collection, and (iii) catch basins, inlets, pipes and all other stormwater lateral facilities, in each case that connect wastewater and surface stormwater drains to the combined sewer mains that discharge to the waste water treatment plant or CSO structures.

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

“Consent Decrees” means all EPA and PaDEP consent decrees or corrective action plans currently issued to Seller.

“CSO Outfall” means an outfall in the Combined Sewer System from which combined sewage and stormwater are discharged and so designated in the currently applicable Seller NPDES Permit.

“Easements” means all easements, rights of way, licenses, use agreements, occupancy agreements, leases and other agreements and appurtenances for and over the real property of third parties.

“Effective Date” has the meaning specified in the Preamble.

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

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

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

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

“Environmental Requirements” mean all present Laws (including common law), regulations, legally binding or otherwise enforceable requirements and Authorizations and Permits relating to human health, pollution, or protection of the Environment (including ambient air, surface water, ground water, land surface or surface strata), including (i) those relating to emissions, discharges, Releases, or threatened Releases of Hazardous Materials, and (ii) those relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, recovery, transport or other handling of Hazardous Materials. Without limiting the foregoing, the term **“Environmental Requirements”** includes (1) CERCLA; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sections 11001-11050; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901-6992k (“RCRA”); the Safe Drinking Water Act, 42 U.S.C. Sections 300f to 300j-26; the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2692; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101-5127; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701--2761; the Clean Air Act, 42 U.S.C. Sections 7401-7671q; the Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011 et seq.; the Low Level Radioactive Waste Policy Act, as amended, 42 U.S.C. Section 2021b et seq.; the Occupational Safety and Health Act, 29 U.S.C. Sections 651-678, and the regulations promulgated pursuant to the above-listed federal statutes, and (2) counterpart Laws and regulations promulgated or issued by any state or local Governmental Authority, specifically including the Pennsylvania Storage Tank and Spill Prevention Act of 1989 (35 Pa. C.S.A. § 6021.101 *et. seq.*).

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

“Equipment and Machinery” means (i) all the equipment, tangible personal property, machinery, office furniture and equipment, fixtures, tooling, spare maintenance or replacement parts, environmental testing equipment, and vehicles owned or leased by the Seller (including all leases of such property), which are primarily used in the operation of the System, (ii) any rights of the Seller to warranties applicable to the foregoing (to the extent assignable), and licenses received from manufacturers and Seller of any such item, and (iii) any related claims, credits, and rights of recovery with respect thereto. Notwithstanding the foregoing, “Equipment and Machinery” shall not include any Excluded Assets.

“Escrow Agent” has the meaning set forth in the Escrow Agreement.

“Escrow Agreement” has the meaning set forth in Section 3.01.

“Escrow Fund” has the meaning set forth in Section 3.01.

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

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

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

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

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

“Governmental Authority” or **“Governmental Authorities”** means any court, department, commission, board, bureau, municipality, municipal authority (established pursuant to the Municipal Authorities Act of the Commonwealth of Pennsylvania), agency or

instrumentality of the United States, any state, county, city or political subdivision thereof, or any foreign governmental body, including without limitation, the PaPUC, the EPA, PaDEP and the Seller.

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

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

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

“Knowledge” or “knowledge” when used to qualify or limit a Party’s representations or warranties means the knowledge of such Party’s Representatives who are engaged in a material way in performing the functions of such Party with respect to which the representation made, after conducting reasonable investigation and inquiry with respect to the subject matter of the representation.

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

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

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

“Loss” means any and all losses, liabilities, obligations, damages, penalties, interest, Taxes, claims, actions, demands, causes of action, judgments, reasonable attorneys’, consultants’ and other professional fees, and all other reasonable costs and expenses sustained or incurred in investigating, preparing or defending or otherwise incident to any such claim, action, demand, cause of action or judgment or the enforcement of a Party’s rights under Article VIII, including, in the case of a direct claim by Buyer against Seller under Section 8.02(b), all of Buyer’s expenses paid or payable on or after July 16, 2019 to third parties in connection with the consideration, negotiation and performance of the terms of this Agreement (**“Buyer’s Transaction Expenses”**); *provided, however*, that **“Losses”** shall not include any cost or expense

incurred prior to the Effective Date (except for Buyer's Transaction Expenses) and shall not include punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party in respect of a Third Party Claim.

"Material Adverse Effect," means a material adverse effect on the business, financial condition or results of operations of the System, except that no effect arising out of or in connection with or resulting from any of the following is deemed, either alone or in combination, to constitute or contribute to a Material Adverse Effect: (i) general economic conditions or changes in those conditions; (ii) financial, banking, currency or capital markets fluctuations or conditions (either in the United States or any international market and including changes in interest rates); (iii) conditions affecting the real estate, financial services, construction, water utility or sewer utility industries generally; (iv) any existing event, circumstance, condition or occurrence of which the Buyer has actual knowledge as of the Effective Date; (v) any action, omission, change, effect, circumstance or condition contemplated by this Agreement or attributable to the execution, performance or announcement of this Agreement or the transactions contemplated hereby; and (vi) negligence, intentional misconduct or bad faith of the Buyer or its Representatives.

"Missing Easements" means, as of any particular date, each Easement that is for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Acquired Assets (including access thereto) that either (a) has not been obtained by Seller and is for or used in connection with the operation of the System or (b) if such Easement has been obtained by Seller, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

"Outside Date" means 365 days after the date the application to the PaPUC is accepted as complete by the PaPUC and the statutory 6-month consideration period is initiated, provided that if there is litigation pending on such date in which a party thereto seeks to prevent the consummation of the transaction described in this Agreement, or to frustrate a material term contained in this Agreement (specifically including, without limitation, litigation involving the proceedings before the PaPUC as contemplated by this Agreement,) the Outside Date will be extended to the date that is sixty (60) days following the unappealable resolution of any such litigation.

"Outstanding Indebtedness" means the indebtedness set forth on **Exhibit A**.

"Owned Real Property" has the meaning specified in Section 4.09.

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

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

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

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

“Permitted Liens” means (a) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property as disclosed on Schedule 4.09; and (c) any encumbrances identified in the Title Commitment not identified in Buyer’s Objection Notice in accordance with the procedures and deadlines prescribed in Section 6.02(a).

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

“Personnel” means the union and non-union employees of the Seller.

“Purchase Price” has the meaning specified in Section 3.02.

“Real Property” has the meaning specified in Section 4.09.

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

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

“Remedial Action” means any and all actions to (a) investigate, clean up, remediate, remove, treat, contain or in any other way address any Hazardous Materials in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous Materials so it does not migrate or endanger public health or welfare or the indoor or outdoor Environment, and (c) perform pre-remedial studies and investigations and post-remedial monitoring, maintenance and care. The term **“Remedial Action”** includes any action which constitutes (i) a “removal”, “remedial action” or “response” as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24), and (25); (ii) a “corrective action” as defined in RCRA, 42 U.S.C. § 6901 et seq.; (iii) a “response” or “interim response” as defined in the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §6020.103; or (iv) any activity performed pursuant to Pennsylvania’s Land Recycling Program, commonly known as Act 2.

“Representative” means, with respect to any Party, any director (including, in the case of Seller, any member of its board of directors), officer, employee, official, lender mortgagee, financier, provider of any financial instrument (or any agent or trustee acting on their behalf), partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, contractor, other Person for whom such Person is at law responsible or other

representative of such Person and any professional advisor, consultant or engineer designated by such Person as its “Representative.”

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

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

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

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

“**Seller’s Benefit Obligations**” means all material obligations, arrangements, or practices, whether or not legally enforceable, to provide benefits, other than salary or wages to present or former directors, employees or agents, (other than obligations, arrangements and practices that are Seller’s Plans), that are owed, adopted or followed by the Seller. Seller’s Benefit Obligations also include consulting agreements under which the compensation paid does not depend upon the amount of service rendered, sabbatical policies, severance payment policies and fringe benefits within the meaning of Code §132.

“**Seller’s Plans**” means each voluntary employees’ beneficiary association under Section 501(c)(9) of the Code whose members include any Personnel and any employee benefit plans or any other retirement, profit sharing, stock option, stock bonus, deferred compensation (including any “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code), severance, sick leave or other material plan or arrangement providing benefits to current or former Personnel, in each case, if either currently in effect or terminated within the last six (6) years, to which the Seller is a plan sponsor or to which the Seller otherwise contributes or has contributed within the last six (6) years, or in which the Seller otherwise participates or has participated within the last six (6) years.

“**Seller NPDES Permits**” means the permits issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto.

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

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

“**System**” has the meaning specified in the recitals to this Agreement and shall include the Acquired Assets and exclude the Excluded Assets.

“**Taxes**” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, permit fees, capital stock, franchise, profits, withholding, social

security, unemployment, disability, real property, personal property, parking, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, levy, impost, stamp tax, duty, fee, withholding or similar imposition of any kind payable, levied, collected, withheld or assessed at any time, including any interest, penalty or addition thereto, whether disputed or not.

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

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

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

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

“Transferred Personnel” has the meaning specified in Section 7.03(a).

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

“Unscheduled Real Property” has the meaning specified in Section 4.09.

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

ARTICLE II.

TERMS OF PURCHASE AND ASSUMPTION OF LIABILITIES

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

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

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

(b) all sanitary wastewater related treatment, disposal, sludge receiving assets and conveyance facilities, including but not limited to the Seller's buildings, pipes, pipelines, treatment facilities, odor control stations, pumping stations, lift stations, holding tanks, storage tanks, plants, structures, improvements, fixtures, and all hereditaments, tenements and appurtenances belonging, appertaining or relating to the Acquired Assets;

(c) all contracts, licenses and leases identified on Schedule 4.15 to which the Seller is a party (the "Assigned Contracts");

(d) all Supplies;

(e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment;

(f) all prepaid expenses and security deposits;

(g) all Files and Records;

(h) the Combined Sewer System Assets;

(i) all Authorizations and Permits of or held by the Seller (to the extent transferrable to Buyer under Law), including all Authorizations and Permits which are environmental permits, the Seller's NPDES Permits, other operating permits and those items listed or described on Schedule 4.14; and

- (j) all goodwill of the System.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, INCLUDING ANY REPRESENTATION AS TO THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ACQUIRED ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ACQUIRED ASSETS.

Section 2.02. **Excluded Assets**

Notwithstanding anything herein to the contrary, the Acquired Assets shall not include the following (the "Excluded Assets"):

- (a) all contracts, licenses and leases that are not Assigned Contracts;
- (b) the seals, organizational documents, minute books, Tax returns, books of account or other records having to do with the organization of Seller and all employee-related or employee benefit-related files or records;
- (c) cash (including any EDU fee cash received on or prior to the Closing Date) and cash equivalents, including accounts receivable and existing financial security guaranteeing installation of public improvements (including sewer facilities);
- (d) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (e) all rights to any action, suit or claim of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (f) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;
- (g) the assets, properties and rights specifically set forth on Schedule 2.02(g); and
- (h) the rights which accrue or will accrue to Seller under this Agreement and any related agreement, exhibit or schedule.

Section 2.03. **Sale Free of Liens**

After Buyer fulfills its obligations pursuant to Section 3.02, the Acquired Assets to be sold, conveyed, transferred, assigned and delivered by the Seller to Buyer, as herein provided, shall be on the Closing Date, free and clear of all Liens other than Permitted Liens. Seller shall convey the Acquired Assets by appropriate special warranty or other deed (subject to Section 6.02(c)), bills of sale, endorsements, assignments and other instruments of transfer or conveyance described herein, and if not expressly described herein, then by transfer documents satisfactory in form and substance reasonably acceptable to Buyer and Seller and their counsel in their reasonable, good faith discretion. With respect to the Owned Real Property, at Closing title to

the same shall be insured by the Title Company, at the Title Company's filed rates, as a good and marketable title, free and clear of all Liens and exceptions to coverage, except for the Permitted Liens, pursuant to an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006, subject to the terms of Section 6.02 below (the "Title Policy").

Section 2.04. **Assumption of Liabilities**

(a) On the terms and conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due any and all liabilities and obligations of the Seller (1) arising under the Seller's NPDES Permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), (2) arising under the Collective Bargaining Agreement, (3) arising under the Consent Decrees and (4) arising out of or relating to the System or the Acquired Assets on or after the Closing Date, specifically described as the following:

(i) all liabilities and obligations under the Assigned Contracts and Authorizations and Permits;

(ii) any litigation initiated against Seller related to the System or the Acquired Assets resulting from events that occur on or after the Closing;

(iii) all liabilities and obligations for Taxes relating to the System, its operation, the Acquired Assets and the Assumed Liabilities attributable to the period beginning on the Closing Date; and

(iv) all other liabilities and obligations arising out of or relating to Buyer's ownership or operation of the System and the Acquired Assets on or after the Closing (all of the aforementioned liabilities in this Section 2.04(a) are referred to as the "Assumed Liabilities").

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

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

Section 2.05. **Further Assurances**

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

System as provided herein, and (e) any other matters reasonably requested by a Party to carry out the provisions, purposes and intent of this Agreement.

Section 2.06. Certain Transfers; Assignment of Contracts

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a), Section 2.06(b) and Section 12.01(c), to the extent that the sale, transfer, assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties), including any Governmental Authority, and such consent, authorization, approval or waiver shall not have been obtained prior to the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a "Nonassignable Asset"). Following the Closing, the Seller and Buyer shall use its commercially reasonable efforts (at the cost and expense of the Party that is responsible for compliance with such Law or obtaining such consent, authorization, approval or waiver), and shall cooperate with each other, to obtain any such required consent, authorization, approval or waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; *provided, however*, that in no event shall Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, the Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Acquired Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration. Any applicable sales, transfer and other similar Taxes in connection with such sale, transfer, assignment, conveyance and delivery shall be paid one-half by Buyer and one-half by the Seller.

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

(c) If, following the Effective Date and prior to the Closing, Buyer identifies any contract to which the Seller is a party which is not identified on Schedule 4.15 as an Assigned Contract as of the Effective Date, and Buyer reasonably determines such contract is necessary to the operation of the System, Buyer shall give notice of such determination to the Seller and the Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.15 identifying such contract, and such contract shall thereafter constitute and be deemed an Assigned Contract for all purposes hereunder.

(d) If, during the twelve (12) month period following the Closing Date, Buyer identifies any contract to which the Seller was a party as of the Closing and which (i) was not set forth on or properly identified on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary to the operation of the System, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

ARTICLE III.

ESCROW; PURCHASE PRICE AND ADDITIONAL PURCHASE PRICE

Section 3.01. Escrow Amount.

At Closing, Five Million Dollars (\$5,000,000) of the Purchase Price shall be deposited in escrow (the "Escrow Fund") with the Escrow Agent pursuant to an escrow agreement in the form of Exhibit B, by and among the Seller, the Buyer, and the Escrow Agent (the "Escrow Agreement") to provide for Seller's post-Closing obligations pursuant to Article VI. The Escrow Fund shall be released in accordance with the Escrow Agreement. After the Closing Date and notwithstanding any other provision of this Agreement, the Escrow Fund is Buyer's sole recourse with respect to providing for Seller's post-Closing obligations pursuant to Article VI.

Section 3.02. Purchase Price and Additional Consideration

The purchase price for the Acquired Assets shall be Two Hundred Seventy-Six Million Five Hundred Thousand Dollars (\$276,500,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall pay in full, fully fund or defease the total amount of Outstanding Indebtedness.

(b) Subject to any adjustment in Purchase Price resulting from the proration procedures set forth in Section 3.02(c) and after making the payments required in Sections 3.01 and 3.02(a), Buyer shall pay to the Seller by wire transfer of immediately available funds the balance of the Purchase Price to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days prior to the Closing Date.

(c) Final Billing: The Parties agree that the Buyer is entitled to all customer billings with respect to sanitary wastewater customers services for the period on or after the Closing Effective Time, and the Seller is entitled to all such billings prior to the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to credit the Purchase Price for the appropriate Party on the Closing Date.

Section 3.03. **Fair Consideration**

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

Section 3.04. **Transfer Taxes**

Any and all deed stamps or transfer Taxes which may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer (collectively, "Transfer Taxes"), shall be paid by Buyer. The terms hereof shall survive Closing.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE SELLER

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

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

Section 4.01. **Organization**

The Seller is duly organized and existing under the Municipal Authorities Act and incorporated by appropriate legal action by the Seller.

Section 4.02. **Power and Authority**

The Seller has (i) duly adopted the authorizing ordinance or resolutions authorizing the transactions contemplated herein, which remains in full force and effect, (ii) duly authorized and approved the execution and delivery of this Agreement and (iii) duly authorized and approved the performance by the Seller of its obligations contained in this Agreement. The Seller has all requisite power and authority to own, lease and operate the Acquired Assets and the System and has the power and authority to enter into this Agreement and to do all acts and things and execute

and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

Section 4.03. **Enforceability**

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

Section 4.04. **No Conflict or Violation**

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

Section 4.05. **Consents and Approvals**

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

Section 4.06. **Undisclosed Liabilities**

Except as set forth in Schedule 4.06, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Acquired Assets, other than liabilities incurred in the ordinary course that could not reasonably be expected to have a Material Adverse Effect on Buyer. All of the Outstanding Indebtedness can be repaid or defeased by Seller and any security interests granted by Seller to secure its obligations pursuant thereto can be extinguished or terminated at or prior to the Closing pursuant to the contractual terms applicable to such Outstanding Indebtedness.

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

Except as set forth on Schedule 4.07, since December 31, 2016, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and the Seller has operated and maintained the System since December 31, 2016 in the ordinary course.

Section 4.08. **Intentionally Excluded.**

Section 4.09. **Owned Real Property and Easements**

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

Section 4.10. **Equipment and Machinery**

All Equipment and Machinery included in the Acquired Assets is set forth and otherwise described on Schedule 4.10. Except as set forth in Schedule 4.10, the Seller has good title, free and clear of all Liens (other than the Permitted Liens and Liens that will be released on or prior to Closing) to the Equipment and Machinery owned by Seller.

Section 4.11. **Employee Benefit Plans**

(a) Schedule 4.11(a) contains a true and complete list of all Seller's Plans and Seller's Benefit Obligations with respect to Personnel, including amounts owed to current or past employees for severance, unpaid and unused vacation pay or sick leave, or similar obligations. All such Seller's Plans and Seller's Benefit Obligations are in full force and effect and are in material compliance both as to form and operation, with applicable provisions of the Code, and any other Laws, and with any applicable collective bargaining agreement. To Seller's Knowledge, no event has occurred which has resulted or is likely to result in the imposition of any liability on the Seller under the Code or other Law with respect to any Seller's Plans or Seller's Benefit Obligations;

(b) Except as set forth in Schedule 4.11(b), with respect to the System, the Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any "multiemployer plan" within the meaning of Section 414(f) of the Code, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such multiemployer plan;

(c) Except as set forth on Schedule 4.11(c), Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any medical, health, life or other welfare plan or benefits for present or future terminated or current or future retired Personnel or their spouses or dependents, other than as required by COBRA, or any comparable state law, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such post-termination welfare benefits;

(d) The Seller is and has been in material compliance with the requirements of COBRA and is not subject to any excise tax under Code Section 4980B for the current or any prior taxable year; and

(e) Except as set forth in Schedule 4.11(e), Seller has not entered into any severance or similar arrangement with respect to any present or former Personnel that will result in any obligation (absolute or contingent) of Buyer to make any payment to any present or former Personnel following termination of employment, including the termination of employment effected by the transactions contemplated by this Agreement. The consummation of the transactions contemplated by this Agreement will not trigger any severance or other obligation of Seller for which Buyer shall have any liability.

Section 4.12. **Seller's Personnel**

(a) Except as set forth on Schedule 4.12(a), Seller shall timely pay, or cause to be timely paid, to the Personnel as required under its policies and/or by Law for accrued but unused and unpaid vacation, sick leave and other benefits accrued as of the Closing Date.

(b) Seller has not, in the past five (5) years, effectuated:

(i) a "plant closing" (as defined in the Worker Adjustment and Retraining Notification Act ("WARN Act")) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the System; or

(ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of the System; nor has the System been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law.

(c) None of the Personnel has suffered an "employment loss" (as defined in the WARN Act) during the previous six months.

Section 4.13. **Environmental Compliance**

Except as set forth in Schedule 4.13 or that otherwise could not be expected to have a Material Adverse Effect:

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

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

(c) Except as has been disclosed to Buyer on Schedule 4.13, the Seller has not received notice of any Environmental Claims related to the System that have not been fully

and finally resolved, and to the knowledge of Seller no claims of Environmental Liabilities have been threatened allegedly arising from or relating to the System that have not been fully and finally resolved.

(d) To Seller's knowledge there has been no Release of Hazardous Materials at, on or from any part of the System or the Acquired Assets, in each case in a manner that violates any Environmental Requirements or has resulted in, or could reasonably be anticipated to give rise to, Environmental Liabilities which has not been appropriately resolved pursuant to applicable Environmental Requirements.

(e) No Lien or activity use limitation or institutional control has been recorded affecting any Acquired Assets by any Governmental Authority due to either the presence of any Hazardous Material on or off the Acquired Assets or a violation of any Environmental Requirement except as has been disclosed by Seller to Buyer.

(f) Seller is not aware of any underground storage tanks on or at any of the Acquired Assets. To the Seller's knowledge, any underground storage tanks previously located at the Acquired Assets have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure.

(g) Seller is not aware of any PCB Equipment on or at any of the Acquired Assets.

(h) Seller is not aware of any Regulated Asbestos Containing Material in or on the Acquired Assets.

(i) The Seller has delivered to Buyer (1) all material environmental site assessments pertaining to the System it is aware of, (2) all material compliance audits or compliance assurance reviews prepared within the previous five (5) years relating to compliance with Environmental Requirements by the System, and (3) all documents pertaining to, any known and unresolved Environmental Liabilities incurred in relation to the System, to the extent possessed by or under the reasonable control of the Seller.

Section 4.14. **Authorizations and Permits**

(i) Schedule 4.14 lists or describes the Authorizations and Permits of Seller that are currently in full force and effect; (ii) the Seller has made true and complete copies of all Authorizations and Permits available to Buyer; and (iii) except as set forth on Schedule 4.14, the Seller is in compliance in all material respects with all terms, conditions and requirements of all Authorizations and Permits, except in each case where such violation or failure, individually or in the aggregate, would not have a Material Adverse Effect, and no proceeding is pending or, to the knowledge of the Seller threatened relating to the revocation or limitation of any of the Authorizations or Permits, other than those revocations or limitations which do not individually or in the aggregate have a Material Adverse Effect.

Section 4.15. **System Contracts**

(a) Schedule 4.15 contains a complete and accurate list of all the Assigned Contracts.

(b) The Seller has made available to Buyer true and complete copies of all the foregoing Assigned Contracts.

(c) All of the Assigned Contracts specified in Schedule 4.15 are in full force and effect. Seller has not, nor to the knowledge of the Seller has any other party thereto, breached any material provision of or defaulted under the material terms of, nor does any condition exist which, with notice or lapse of time, or both, would cause the Seller, or to the knowledge of Seller, any other party, to be in default under any Assigned Contract.

Section 4.16. Compliance with Law; Litigation

(a) The Seller has operated and is operating the System in compliance, in all material respects, with all Laws, Authorizations and Permits and is not in breach of any Law, Authorization or Permit that would have a Material Adverse Effect on the operations of the System or on the Buyer. There are no Authorizations or Permits from any Governmental Authority necessary for the operation of the System as currently being operated except for those Authorizations and Permits listed in Schedule 4.14.

(b) Except as disclosed to the Buyer in the Disclosure Schedules (as those are updated pursuant to Section 9.03 below), there are no facts, circumstances, conditions or occurrences regarding the System that could reasonably be expected to give rise to any environmental claims or governmental enforcement actions that could reasonably be expected to have a Material Adverse Effect, and there are no past, pending or threatened environmental claims or governmental enforcement actions against the Seller that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(c) There is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the knowledge of the Seller, threatened against the Seller prior to or at the Closing Effective Time, which will have a material adverse effect on the operations of the System. As of the Effective Date, there is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the knowledge of the Seller, threatened against the Seller which could materially affect the validity or enforceability of this Agreement.

Section 4.17. Title to the Acquired Assets; Sufficiency

(a) Except as set forth on Schedule 4.17(a), the Seller has good and marketable title to, valid leasehold interest in or valid licenses to use, all of the Acquired Assets, free and clear of all Liens, other than Permitted Liens and Liens which will be fully and unconditionally released at or prior to Closing. The use of the Acquired Assets is not subject to any Liens, other than Permitted Liens, and such use does not encroach on the property or the rights of any Person.

(b) Except as set forth on Schedule 4.17(b), the Acquired Assets are sufficient for, and constitute all the assets, properties, business, goodwill and rights of every kind and description, and services required for, the continued conduct and operation of the System by Buyer in substantially the same manner as currently conducted and operated by Seller.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes only the representations and warranties which are set forth in this Article V.

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

Section 5.01. Organization

The Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization.

Section 5.02. Authorization and Validity of Agreement

The Buyer has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. This Agreement has been duly authorized, executed and delivered by the Buyer and constitutes a valid and legally binding obligation of the Buyer, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 5.03. No Conflict or Violation

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

Section 5.04. Consents and Approvals

Schedule 5.04, sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Buyer or the performance by Buyer of its obligations under this Agreement.

Section 5.05. Broker's and Finder's Fees

No broker, finder or third party is entitled to any commission or finder's fee in connection with this Agreement or the transactions contemplated by this Agreement.

Section 5.06. **Financial Wherewithal**

Upon Closing, and after giving effect to the consummation of the transactions contemplated hereby and the incurrence of any indebtedness in connection therewith, Buyer shall have the financial ability and will have sufficient working capital for its needs and anticipated needs to operate the System as a certificated public utility system regulated by the PaPUC authorized, among things, to provide wastewater utility services to retail residential, commercial, public and industrial customers in the System.

Section 5.07. **Sufficient Funds**

Buyer shall have sufficient funds available at Closing to consummate the transactions contemplated by this Agreement, to pay the Purchase Price in accordance with Article III and expenses related to the transactions contemplated by this Agreement, and on and after Closing, to generally provide ownership, operation and capital for the operations and capital needs of the System following the Closing, and assuring that the customers of the System will receive safe, adequate and reliable wastewater service equal to or better than such customers would have received without the transactions contemplated by this Agreement and at all times consistent with the provisions of the Pennsylvania Public Utility Code, 66 Pa. C. S. § 101 *et seq.*, and Law.

Section 5.08. **Independent Decision**

Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) neither Seller nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of the System or information provided to Buyer, and (b) neither Seller nor any other Person shall have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any warranty of income potential, operating expenses, costs of operation, or uses or fitness for a particular purpose of any Acquired Assets or the System.

Section 5.09. **Scheduled Matters**

Buyer acknowledges that: (a) the inclusion of any matter on any Schedule shall not necessarily be deemed an admission by Seller that such listed matter is material or that such listed matter has or could have a material adverse effect or constitutes a material liability with respect to the Acquired Assets; (b) matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in such Schedules; and (c) such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

Section 5.10. **Independent Investigation**

Buyer acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System

in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement and related agreements, has relied solely on the results of its investigation and on the representations and warranties of the Seller expressly contained in Article IV of this Agreement.

Section 5.11. **Litigation**

The Buyer is not in breach of any Law that could have a material adverse effect on the operations of the System or the Buyer. Neither the Buyer nor any Affiliate of the Buyer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce or their successors, or on any other list of Persons with which the Seller may not do business under Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. Except as set forth on Schedule 5.11, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of the Buyer, threatened against the Buyer prior to or at the Closing Effective Time, which will have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

ARTICLE VI.

TITLE TO REAL ESTATE; EASEMENTS

Section 6.01. **Evidence of Title**

Subject to Section 6.06, with respect to each parcel of Owned Real Property, Buyer shall obtain, at its sole cost and expense, a commitment for an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006 (each, a "Title Commitment"), issued by a title insurance company selected by Buyer and licensed to insure title to real property by the Commonwealth of Pennsylvania (the "Title Company"), having an effective date after the Effective Date. Promptly following the Effective Date, Buyer shall order the Title Commitments from the Title Company and shall provide Seller evidence of the same. Notwithstanding anything to the contrary in Section 6.02(a) below, Buyer may send an Objection Notice with respect to any parcel of Owned Real Property and the Title Commitment for the same if, within twenty (20) Business Days after the Effective Date (or, for Unscheduled Real Property, within twenty (20) Business Days after the discovery of the existence of the same), Buyer has not ordered the Title Commitment from the Title Company for such parcel of Owned Real Property and provided with Seller evidence of the same.

Section 6.02. **Objections to Title**

(a) **Notice of Objections.** Within thirty (30) days of Buyer's receipt from the Title Company of a Title Commitment for any of the parcels of Owned Real Property, Buyer shall deliver to Seller a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same, along with Buyer's notice to Seller of any of the exceptions to title set forth on Schedule B of such Title

Commitment to which Buyer objects (such notice of Buyer being referred to as the “Objection Notice”) provided such exceptions (a) are not Permitted Liens, (b) pertain to the Buyer or any requirements, conditions or obligations of the Buyer, and (c) are not standard Title Company exceptions (such as the “survey” exception) (such exceptions objected to in the Objection Notice, provided the same are not as described in (a) through and including (c) aforesaid, being referred to as the “Title Objection Items”). Any Objection Notice shall include a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same. If Buyer provides the Seller with an Objection Notice, the Seller shall use its commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record (individually, “Cure” and collectively, “Cured”) prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing all of the Title Objection Items Seller has Cured. After the Closing Date, Buyer shall assume the responsibility to Cure all remaining Title Objection Items as contemplated in, and subject to the terms of, the Escrow Agreement.

(b) Liens. Without limiting the Seller’s obligations pursuant to Section 6.02(a), prior to or as of the Closing, the Seller shall be obligated, at its sole cost and expense, to Cure any Lien encumbering the Real Property which can be Cured by the payment of money (other than Permitted Liens).

(c) Title Endorsements/Survey. Buyer shall pay for any endorsements required by Buyer or any mortgagee of Buyer to Buyer’s Title Policy. If any survey is required by Buyer or its mortgagee, either as a condition to any endorsement or otherwise, Buyer shall pay to obtain the survey and all related costs and expenses. If Buyer obtains a survey of any Owned Real Property and if Buyer wants the deed to contain the legal description based on a survey, if the same is not identical to the legal description contained in Seller’s deed of record, Seller is not obligated to include the same in the deed to Buyer unless the survey is certified to Seller and such description is included in the deed on a “quitclaim” basis only and without warranty of title.

(d) License at Closing. Without limiting the Seller’s obligations pursuant to Section 6.02(a) or (b), Seller shall provide Buyer with a license agreement granting Buyer a license in all of Seller’s rights to access such Real Property in order to allow Buyer to operate and maintain the System until such time as Buyer is provided title to such Real Property as provided for in this Agreement. For the avoidance of doubt, Seller shall provide such title as soon as reasonably practicable in accordance with Section 6.01.

(e) Insurable Claims. To the extent any Claim for Losses under Article VIII is an Insurable Claim (which, for purpose of clarity, shall exclude claims covered by the Escrow Fund per Section per this Article VI and Section 3.01), Buyer shall assert and pursue with reasonable diligence the Insurable Claim against the Title Company (which includes commencing litigation and diligently prosecuting the Insurable Claim to judgment) before pursuing a Claim for Losses under Article VIII. Following a non-favorable judgment that substantially denies the relief sought by Buyer from the Title Company in connection with the Insurable Claim (each a “Non-Favorable Judgment”), Buyer may, following such Non-Favorable Judgment, pursue Seller with a Claim for Losses under Article VIII (any Claim against Seller following an attempted Insurable Claim against the Title Company is a “Residual Title Claim”). Notwithstanding anything to the

contrary in Article VIII, Buyer must assert a Claim for Losses based upon a Residual Title Claim within sixty (60) day of the Non-Favorable Judgment. For purposes of this Section 6.02(e), an “Insurable Claim” means a Claim that: (i) arises out of Buyer’s discovery of a title defect or encumbrance with respect to any of the Real Property following the Closing Date that materially restricts or prevents the use of such Real Property in the operation of the System; and (ii) is a claim against the Title Company under the Title Policy. Buyer acknowledges that any Claims that it could otherwise bring as a breach of a covenant of title under the special warranty deed to the Real Property is included within the Claim for Losses under Article VIII and is subject to the terms of this Section 6.02(d) of first pursuing the same as an Insurable Claim.

Section 6.03. **Title Expenses**

Irrespective of whether the transactions described by this Agreement are consummated and Closing occurs, all costs and expenses of obtaining the Title Commitment, Title Policy and any survey shall be paid by Buyer.

Section 6.04. **UCC Search; Releases**

Not later than sixty (60) days after the Effective Date, Buyer shall obtain at its sole cost and expense a Uniform Commercial Code search against Seller covering any of the personal property or fixtures included among the Acquired Assets from the Office of the Secretary of the Commonwealth of Pennsylvania and the Recorder of Deeds for Delaware County, Pennsylvania (the “UCC Search”). On or prior to the Closing Date, Seller shall at its sole cost and expense obtain releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. The form of the releases of such security interests shall be provided by the Seller to Buyer on or prior to the Closing Date.

Section 6.05. **Easements**

(a) Promptly after the Effective Date and prior to the Closing, the Buyer shall, at its sole cost and expense, cause an abstractor selected by the Buyer (the “Abstractor”), to perform, at the Buyer’s sole cost and expense, a search of the public land records of Delaware County, based on the Seller’s records and plans of the System (and such other sources of information as are reasonably related thereto), by means of searching the grantee index in the names of the Seller and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on any and all recorded Easements (including information related to any Liens or encumbrances on Seller’s title thereto), and (ii) together with the Seller, identify all Missing Easements. During such process, as the Abstractor provides written search results to Buyer for each Easement, the Buyer will promptly provide the same to Seller, and, without limiting the foregoing, the Buyer shall, or shall cause the Abstractor to, provide Seller with periodic updates on the status of the activities set forth in the previous sentence.

(b) Notice of Objections. Within thirty (30) days of Buyer’s receipt from the Abstractor of the information described in subsection (a) above for each Easement, Buyer shall deliver to Seller an Objection Notice identifying the encumbrances on the Easements that are unacceptable to Buyer, provided such exceptions are not Permitted Liens (an “Easement Objection Notice”). If the Buyer provides the Seller with an Easement Objection Notice, the

Seller shall use its commercially reasonable efforts to have such objections Cured, prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing all of the objection items identified in the Easement Objection Notice that Seller has Cured. After the Closing Date, Buyer shall assume the responsibility to Cure all remaining objection items identified in the Easement Objection Notice as contemplated in, and subject to the terms of, the Escrow Agreement.

(c) If during the process of Abstractor's review and investigation of Delaware County's land records, Buyer determines, based on the Abstractor's investigation, that there is a Missing Easement, the Seller shall use its commercially reasonable efforts (including, if requested by Buyer, the use of its power of condemnation) to obtain any such Missing Easements so that the same may be sold, assigned, transferred and conveyed to Buyer at the Closing pursuant to the terms and conditions of this Agreement. Prior to Closing, all costs and expenses incurred in connection with obtaining each Missing Easement (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain Missing Easements) shall be paid by the Seller. If Seller has not obtained all Missing Easements by the date that is ninety (90) days after the date that Abstractor has completed his review of the County land records and delivered the last results of the same to Seller (the "Abstract Completion Date"), then the Seller shall, as soon as reasonably practicable after a request from Buyer, commence and file in the Court of Common Pleas, Delaware County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements it can prior to Closing. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by the Seller shall be considered an Easement. After the Closing Date, Buyer shall obtain all remaining Missing Easements as contemplated in the Escrow Agreement.

Section 6.06. Unscheduled Property

The Parties acknowledge that the Seller may own interests in or have the legal right to use or occupy the Real Property that is necessary or essential to the operation of the System and that is not specifically identified in Schedule 4.09 (the "Unscheduled Real Property"). If the Parties discover prior to or after the Closing Date, one or more parcels of Unscheduled Real Property, the discovering Party shall give notice of such discovery to the non-discovering Party. In addition to its obligations in Section 2.03, Seller shall convey, assign or otherwise transfer any rights to each parcel of Unscheduled Real Property, with no adjustment to the Purchase Price, in such a manner as to provide Buyer with reasonable assurances that Buyer shall have the right to use or occupy the Unscheduled Real Property as it was used by Seller as of the Effective Date.

ARTICLE VII.

OTHER AGREEMENTS

Section 7.01. Taxes

Except as hereinafter provided, the Seller shall pay any and all Taxes, if any, arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing Date.

Section 7.02. Cooperation on Tax Matters

The Seller shall furnish or cause to be furnished to Buyer, as promptly as practicable, whether before or after the Closing Date, such information and assistance relating to the System as is reasonably necessary for the preparation and filing by Buyer of any filings relating to any Tax matters.

Section 7.03. Personnel Matters

(a) Buyer shall offer employment effective on the Closing Date, to all active Personnel set forth in Schedule 7.03(a) who are employed by Seller in operating the System as of the Closing Date, subject to Buyer's existing standard hiring policies and procedures applicable to new employees, including but not limited to, a criminal background check and drug screening of all Personnel, except with respect to benefits as otherwise provided in Section 7.03(c). The active Personnel who accept such offer of employment and commence employment with Buyer on the Closing Date, shall be referred to in this Agreement as the "Transferred Personnel." For purposes of clarity, nothing contained in this Section 7.03 shall be deemed to limit, restrict or prohibit Buyer from interviewing the applicable Personnel for informational purposes only in connection with the transfer of employment of the Personnel to Buyer as provided in this Section 7.03. In addition to the foregoing, Buyer shall have the option of making the required offer of employment at such time to permit Buyer to require such offerees' decision to accept or reject such offers at least three (3) months prior to a projected Closing Date to permit Buyer to ensure the adequate staffing of the System upon Closing. Accordingly, Buyer shall have no obligation to permit offers to remain outstanding beyond the date that is projected to be (3) months prior to Closing.

(b) Subject to Law, Transferred Personnel shall be employees-at-will of Buyer. Buyer shall provide each of the Transferred Personnel compensation and benefits which are at least substantially comparable to, in the aggregate, to Seller's compensation and benefits as of the Effective Date (including paid vacation and sick time benefits). Nothing contained in this Section 7.03(a) shall constitute an amendment of, or an undertaking to amend, any employee benefit plans, programs or arrangements maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with the terms thereof.

(c) Subject to the obligations of Seller under Law, Buyer's rights and obligations set forth in Section 7.03, and the Buyer's applicable employee benefit plan documents, with respect to employee benefit plans maintained by Buyer for the benefit of its employees (*i.e.*, paid vacation leave, Buyer's 401k savings plan), effective as of the Closing, Buyer shall recognize the Transferred Personnel's length of service with the Seller as if such service were with Buyer for eligibility and vesting under Buyer's then existing employee benefit plans and programs.

(d) Subject to Law, effective as of the Closing, the Transferred Personnel shall cease active participation in the Seller's Plans. Seller shall remain liable for all eligible claims for benefits under the Seller's Plans that are incurred by Transferred Personnel prior to the Closing Date. Subject to Law, Seller shall remain liable to make any contributions to Seller's Plans related to, and/or to fund any retirement benefits accrued by, the Transferred Personnel prior to

Closing. For purposes of this Agreement, the following claims shall be deemed to be incurred as follows: (i) life, accidental death and dismemberment, short-term disability, and workers compensation insurance benefits, on the event giving rise to such benefits, (ii) medical, vision, dental, and prescription drug benefits, on the date the applicable services, materials or supplies were provided, (iii) long-term disability benefits, on the eligibility date determined by the long-term disability insurance carrier for the plan in which the applicable Personnel participates.

(e) This Section 7.03 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 7.03, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 7.03. The Parties acknowledge and agree that the terms set forth in this Section 7.03 shall not create any right in any Transferred Personnel or any other Person to any continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever, and shall not be deemed to restrict Buyer in the exercise of its independent business judgment in establishing or modifying any of the terms or conditions of the employment of the Transferred Personnel. Nothing contained in this Section 7.03 shall constitute an amendment of, or an undertaking to amend, any employee benefit plan, program or arrangement maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with its terms.

(f) Notwithstanding anything in this Agreement to the contrary, it is expressly understood that Buyer will not acquire any asset, or assume any liability or obligation in connection with the transactions contemplated by this Agreement relating to any of the Seller's Plans or Seller's Benefit Obligations. Seller shall be solely responsible for any liability, funding obligation, claim or expense arising from the Seller's Plans, Seller's Benefit Obligations, both prior to, and after, the Closing Date, except as provided in Section 7.03(c).

(g) No later than the Closing Date, Seller shall transfer all records pertaining to the employment of the Transferred Personnel to Buyer including, but not limited to, all personnel and human resources Files and Records.

(h) At Closing, Buyer shall assume all obligations related to the Collective Bargaining Agreement.

Section 7.04. **Rates**

(a) **Rates**. Buyer shall implement Seller's sanitary wastewater rates then in effect at Closing, as reflected on Schedule 7.04(a) ("Seller Base Rates"), until the Buyer's next base rate case proceeding following Closing. The Buyer may apply PaPUC permitted or required surcharges or pass-through costs (e.g., Distribution System Improvement Charge and/or State Tax Adjustment Surcharge) to the Seller Base Rates after Closing.

(b) The rate provisions of Sections 7.04(a) shall be part of the Buyer's requested PaPUC Governmental Approval.

Section 7.05. **Buyer Taxpayer**

From and after the Closing Date, Buyer acknowledges that, upon conveyance of the Acquired Assets to Buyer, the Buyer will be subject to, among other Taxes, real estate Taxes, which shall be paid by Buyer.

Section 7.06. **PaPUC Approval**

(a) Promptly after the Effective Date, Buyer covenants and agrees to timely initiate and faithfully prosecute the necessary proceedings to obtain from the PaPUC (i) the issuance of certificates of public convenience to Buyer to provide wastewater services in the Service Area and (ii) the approval of the acquisition of the System by Buyer under terms and conditions that are reasonably acceptable to Seller and Buyer. Seller shall cooperate with and assist the Buyer in proceedings before the PaPUC. Seller shall intervene in the proceedings before the PaPUC in support of the application for all necessary approvals from the PUC. Buyer and Seller hereby agree that the procedures for determining fair market value of the System and Acquired Assets outlined in Section 1329(a) of Title 66 of the Pennsylvania Consolidated Statutes shall be utilized and filed with the PaPUC as contemplated by Section 1329(c) of Title 66 of the Pennsylvania Consolidated Statutes. Buyer and Seller hereby agree that the fees and expenses related to the mutually agreed upon licensed engineer that will conduct the engineering assessment for the application to the PaPUC shall be borne fifty percent (50%) by the Buyer and fifty percent (50%) by the Seller.

(b) Buyer, in Buyer's first base rate proceeding with respect to the System following the Closing, shall propose the use of statutory and regulatory mechanisms available to benefit the Buyer's acquired customers for ratemaking purposes, including the proposed utilization of 66 Pa. C.S. Section 1311(c) with respect to the Acquired Assets.

Section 7.07. **Remedies for Breach of Article VII Agreements**

In the event of a breach by Buyer of any of the covenants and agreements set forth in this Article VII, in addition to all other rights and remedies available at law or in equity, including specific performance and/or injunctive relief, Seller may commence proceedings before the PaPUC seeking enforcement of such covenants and agreements.

Section 7.08. **MS4 Systems**

The Buyer and Seller shall cooperate in the future on projects where the Buyer elects to or is mandated by Law to separate the storm water and waste water flows on certain segments of the Combined Sewer System, with the Buyer retaining the waste water assets and contributing the storm water assets to the municipality in which such storm water assets are situated or to the municipal authority having responsibility for storm water assets in such municipality. All costs and expenses associated with such separation of the storm water and waste water flows on certain segments of the Combined Sewer System shall be paid by the Buyer.

Section 7.09. **Utility Valuation Experts**

Buyer and Seller agree that each will be responsible for the costs associated with their respective Utility Valuation Expert for the preparation and completion of their respective Utility Valuation

Expert's appraisal report and any additional work by their respective Utility Valuation Expert necessary to assist in the processing and prosecution of the application to the PaPUC in regard to this transaction under Section 1329.

Section 7.10. **Future Plant**

Following Closing, Buyer shall, in good faith, use commercially reasonable efforts, to utilize local qualified contractors in the performance of its capital plan with respect to the Acquired Assets.

Section 7.11. **Operations Center**

On the Closing Date, and for a period of at least 25 years thereafter, Buyer shall maintain an operations center in the City of Chester consisting of various managers, customer service representatives, and operators of Buyer's southeastern Pennsylvania wastewater division.

Section 7.12. **Covenant Survival**

The covenants set forth in this Article shall survive Closing.

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. **Survival**

All representations and warranties contained in this Agreement shall survive until twelve (12) months following the Closing Date, except that (a) the representations and warranties of the Seller set forth in Section 4.01 (Organization), Section 4.02 (Power and Authority) and Section 4.03 (Enforceability) (collectively, the "Seller Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by Law, and (b) the representations and warranties of Buyer set forth in Section 5.01 (Organization), Section 5.02 (Authorization and Validity of Agreement), and Section 5.05 (Brokers' and Finders' Fees) (collectively, the "Buyer Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by Law. The covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the latest date permitted by Law. Notwithstanding the preceding sentences, (x) any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time, and (y) nothing contained in this Section 8.01 shall limit in any way any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights shall survive the Closing indefinitely.

Section 8.02. **Indemnification by the Seller**

To the maximum extent permitted by Law and subject to the terms and conditions of this Article VIII, the Seller agrees to indemnify, defend and hold harmless, Buyer and its successors and Affiliates and their respective employees, officers, directors, trustees and agents (the “Buyer Indemnified Persons”), from and against any and all claims for Losses arising from or relating to: (a) any material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of the Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by the Seller prior to the Closing pursuant to this Agreement (without regard to any materiality, Material Adverse Effect or related qualifications in the relevant representation or warranty (except where such provision requires disclosure of lists of items of a material nature or above a specified threshold)); (b) any material breach or material nonfulfillment of any of the covenants or agreements of the Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by the Seller prior to the Closing pursuant to this Agreement; or (c) any Excluded Liability or Excluded Asset.

Section 8.03. **Indemnification by Buyer**

To the maximum extent permitted by Law and subject to the terms and conditions of this Article VIII, Buyer agrees to defend, indemnify and hold harmless the Seller and its successors and Affiliates and each of their respective employees, officers, directors and agents (the “Seller Indemnified Persons”) from and against any and all claims for Losses arising from or relating to: (a) any material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Buyer contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (b) any material breach of any of the covenants or agreements of Buyer contained in this Agreement or in any exhibit, schedule certificate or other instrument or document furnished or to be furnished by the Buyer pursuant to this Agreement; (c) any Assumed Liability as and when payment and performance is due, including without limitation any liability related to any claims by any Governmental Authority; (d) Buyer’s actions involving Environmental Requirements, Hazardous Materials or environmental claims from and after the Closing Date; or (e) the ownership, operation or control of the Acquired Assets or the System from and after the Closing Date.

Section 8.04. **Indemnification Procedure**

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a representative of the foregoing (a “Third Party Claim”) against such Indemnified Party with respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt notice thereof. The failure to give such prompt notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving

notice to the Indemnified Party (and subject to the other requirements herein) to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel (which counsel shall be reasonably acceptable to the Indemnified Party), so long as (i) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim, *provided*, that if the Indemnifying Party assumes control of such defense it must first agree and acknowledge in such notice that the Indemnifying Party is fully responsible (with no reservation of any rights other than the right to be subrogated to the rights of the Indemnified Party) for all Losses relating to such Third Party Claim, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and at its own cost and expense, and (iii) the Third Party Claim (A) does not involve injunctive relief, specific performance or other similar equitable relief, any claim in respect of Taxes, any Governmental Authority, any criminal allegations, or any potential damage to the goodwill, reputation or overriding commercial interests of Buyer or its Affiliates, (B) is not one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (C) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend. The Indemnified Party shall reasonably cooperate in good faith in such defense. If the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Seller and Buyer shall reasonably and in good faith cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 8.04(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such

offer, the Indemnifying Party shall give prompt notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within fifteen (15) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.04(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party with respect to any Loss which does not arise or result from a Third Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party prompt notice thereof. The failure to give such prompt notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30) day period, the Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity and amount of such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, by delivery of notice disputing the basis or amount of the Direct Claim, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such Direct Claim, the Parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement.

Section 8.05. Limitations on Indemnification Obligations

(a) Subject to the other limitations contained in this Section 8.05, neither Buyer nor Buyer Indemnified Persons is entitled to indemnification pursuant to Section 8.02(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Buyer and Buyer Indemnified Persons under this Agreement exceeds 1% of Purchase Price (the “Threshold Amount”), in which case Seller shall then be liable for Losses in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

(b) Subject to the other limitations contained in this Section 8.05 neither Seller nor the Seller Indemnified Persons is entitled to indemnification pursuant to Section 8.03(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Seller and Seller Indemnified Persons under this

Agreement exceeds the Threshold Amount, in which case Buyer shall then be liable for Losses in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

(c) Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to Buyer), the Buyer Indemnified Parties are only be entitled to assert claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, which shall not be limited by this Section 8.05(c)) up to the aggregate amount of 5% of Purchase Price (the “Liability Cap”), which shall represent the sole and exclusive remedy of Buyer and the other Buyer Indemnified Parties for any such claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations or in the case of fraud, intentional misrepresentation or willful misconduct which shall not be subject to the Liability Cap, but shall be capped at the Purchase Price).

(d) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds actually received and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(e) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss shall be reduced by an amount equal to any Tax benefit realized or reasonably expected to be realized as a result of such Loss by the Indemnified Party.

(f) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

(g) Subject to the provisions of Sections 7.07, 15.11 and any other provisions for equitable relief and/or specific performance, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Party hereto and their Affiliates and each of their respective representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.05(g) shall limit any Person’s right to seek and obtain any equitable relief and/or specific performance to which any Person is entitled pursuant to this Agreement.

Section 8.06. **Knowledge of Breach**

The Seller shall not be liable under this Article VIII for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement if Buyer had actual knowledge of such inaccuracy or breach prior to the Closing.

ARTICLE IX.

PRE-CLOSING COVENANTS OF THE SELLER

Section 9.01. **Operation of the System**

Except as otherwise expressly permitted by this Agreement, as required by Law or with the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned), from the Effective Date until the Closing, the Seller shall (i) operate and manage the System only in the ordinary course of business in accordance with past practices and procedures, (ii) comply in all material respects with all Laws and Authorizations and Permits, (iii) maintain the Personnel (unless any Personnel is terminated for cause), and (iv) use commercially reasonable efforts to maintain and preserve intact the business and assets of the System and preserve the rights, franchises, goodwill and relationships of the Seller and the System and their customers, lenders, suppliers, regulators and others having business relationships with the Seller and the System including, but not limited to, the land development agreements in existence as of the Effective Date which such agreements shall not be materially amended without notice to and the consent of Buyer, which consent shall not be unreasonably withheld or delayed.

Section 9.02. **Cooperation**

The Seller shall reasonably cooperate with Buyer and its employees, attorneys, accountants and other agents and, generally, act in reasonably good faith to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated by this Agreement.

Section 9.03. **Supplements and Updates**

The Seller shall promptly deliver to Buyer any supplemental information updating the information set forth in the representations and warranties set forth in Article IV of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Within three (3) Business Days of having Knowledge of the same, the Seller shall advise Buyer of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

Section 9.04. **Consents and Approvals**

Promptly after the execution of this Agreement, or as required by Law, except as provided in Section 7.06 or otherwise expressly provided herein, the Seller shall file all applications and reports that are required to be filed by Seller with any Governmental Authority as set forth on Schedule 4.05. The Seller shall also promptly provide all information that any Governmental

Authority may require in connection with any such application or report. The Seller shall use its commercially reasonable efforts to obtain each consent, waiver, authorization or approval of any kind from any Person in connection with the transactions contemplated hereby. If a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and the Seller may still mutually agree to proceed to the Closing.

ARTICLE X.

PRE-CLOSING COVENANTS OF BUYER

Buyer covenants and agrees to comply with the following provisions:

Section 10.01. Actions Before the Closing Date

Buyer shall not take any action which shall cause it to be in breach of any representation, warranty, covenant or agreement contained in this Agreement or cause it to be unable to perform in any material respect its obligations hereunder, and Buyer shall use commercially reasonable best efforts (subject to any conditions set forth in this Agreement) to perform and satisfy all conditions to Closing to be performed or satisfied by Buyer under this Agreement, including action necessary to obtain all consents and approvals of third parties required to be obtained by Buyer to effect the transactions contemplated by this Agreement.

Section 10.02. Consents and Approvals

Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Buyer shall file all applications and reports which are required to be filed by Buyer with any Governmental Authority as provided on Schedule 5.04. Buyer shall also promptly provide all information that any Governmental Authority may reasonably require in connection with any such application or report. Buyer shall use all commercially reasonable efforts to obtain all required consents and approvals of any kind from any person in connection with the transactions contemplated hereby.

Section 10.03. Cooperation

Buyer shall reasonably cooperate with the Seller and their employees, attorneys, accountants and other agents and, generally, do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated in accordance with the provisions of this Agreement.

Section 10.04. Supplements and Updates

Buyer shall promptly deliver to the Seller any supplemental information updating the information set forth in the representations and warranties set forth in Article V of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. At least three (3) Business Days prior to the Closing Date, Buyer shall advise the Seller of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

ARTICLE XI.

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligation of the Seller to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by the Seller in its sole discretion:

Section 11.01. Consents and Approvals

Receipt of all required material, consents, waiver, authorizations or approvals of any Governmental Authority, or of any other Person and any other approvals necessary to consummate the transactions contemplated by this Agreement set forth in Schedule 5.04, including without limitation all required EPA and PaDEP approvals and all such Authorizations and Permits and Governmental Approvals must be final (and not subject to any appeal and any applicable appeal period having expired).

Section 11.02. Representations and Warranties of Buyer

The representations and warranties made by Buyer in Article V which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and the Seller shall have received a certificate to the effect of the foregoing from a duly authorized officer of Buyer dated as of the Closing Date.

Section 11.03. PaPUC Approval

PaPUC shall have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to the Seller and Buyer. if a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and Seller may still mutually agree to proceed to the Closing.

Section 11.04. No Injunctions

Neither the Seller nor Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 11.05. Performance of the Obligations of Buyer

Buyer shall have performed in all material respects all obligations required under this Agreement to be performed by Buyer on or before the Closing Date, and the Seller shall have received a certificate to that effect from Buyer dated the Closing Date.

Section 11.06. **Deliveries by Buyer**

Buyer shall have made delivery to the Seller of the documents and items specified in Section 13.03 herein.

Section 11.07. **No Material Adverse Effect**

There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

ARTICLE XII.

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Buyer in its sole discretion:

Section 12.01. **Consents and Approvals**

(a) Receipt of all required material, consents, waivers, authorizations or approvals of any Governmental Authority, or of any other Person and any other approvals necessary to consummate the transactions contemplated by this Agreement set forth in Schedule 4.05, including without limitation all required EPA and PaDEP approvals and all such Authorizations and Permits and Governmental Approvals must be final (and not subject to any appeal and any applicable appeal period having expired); and

(b) Approval by Seller for: (i)(A) defeasance and redemption of any outstanding bonds issued by the Seller on the System included in the Outstanding Indebtedness and (B) discharge of any other outstanding debt issued to the Seller and payable to any current lender and (ii) applying any funds related funds held in any construction fund or account under any indenture(s) being held by the Seller or any lender to the Seller on any outstanding debt (it being understood that any debt service funds or debt service reserve funds will be applied to the defeasance, redemption and discharge of outstanding debt).

(c) Notwithstanding Section 2.06, the Assigned Contracts set forth on Schedule 12.01(c), shall be amended on terms acceptable to Buyer in its reasonable discretion.

(d) Except to the extent that such failure results from an event otherwise covered under Section 8.02(b), the failure to obtain any of the consents or approvals referenced in subsections (a) or (c) above shall not give rise to indemnification pursuant to Article VIII by either Party, nor shall it subject either Party to any of the indemnification obligations therein.

Section 12.02. **Representations and Warranties of Seller**

The representations and warranties made by the Seller in Article IV this Agreement (disregarding all "materiality" and "Material Adverse Effect" or similar qualifications contained therein) shall be true and correct on and as of the Closing Date (except for representations and

warranties expressly stated to relate to a specific date, in which case each such representation and warranty shall be true and correct as of such earlier date), with only such exceptions as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and the Buyer shall have received a certificate to that effect from the Seller dated as of the Closing Date.

Section 12.03. **PaPUC Approval**

PaPUC shall have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to the Seller and Buyer. If a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and Seller may still mutually agree to proceed to the Closing.

Section 12.04. **No Injunctions**

Neither the Seller or Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 12.05. **No Material Adverse Effect**

There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

Section 12.06. **Deliveries by Seller**

Seller shall have made delivery to Buyer of the documents and items specified in Section 13.02 herein.

Section 12.07. **Performance of the Obligations of Seller**

Seller shall have performed in all material respects all obligations required under this Agreement to be performed by Seller on or before the Closing Date, and Buyer shall have received a certificate to that effect from Seller dated the Closing Date.

ARTICLE XIII.

CLOSING

Section 13.01. **Closing Date**

The Closing shall take place at a place in Pennsylvania that is mutually agreed upon by the Parties, at 10:00 a.m. eastern standard time on the earliest agreed upon date or within twenty (20) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Buyer and the Seller receive the last of the required consents, waivers, authorizations and approvals from the Governmental Authorities, in each case, for the transactions contemplated by this Agreement, or at such other place and time, by such other method, or on such other date, as may be mutually agreed to by the Parties (the

“Closing Date”). The Closing shall be effective at 12:01 a.m., eastern time, on the Closing Date (the “Closing Effective Time”).

Section 13.02. **Deliveries by Seller**

At the Closing, the Seller shall have delivered or cause to be delivered to Buyer executed copies of the following agreements, documents and other items:

(a) A Bill of Sale transferring all of the Acquired Assets comprising personal property, in the form attached hereto as **Exhibit C**;

(b) Possession of the Acquired Assets, including without limitation, the Owned Real Property, the Easements, including a license from Seller to Buyer;

(c) A duly executed counterpart to an Assignment and Assumption Agreement with respect to the Assumed Liabilities (the “Assignment and Assumption Agreement”), in the form attached hereto as **Exhibit D**;

(d) A duly executed counterpart to the Escrow Agreement;

(e) The consents to transfer all of the Assigned Contracts and Authorizations and Permits (including environmental Authorizations and Permits), to the extent required hereunder;

(f) One or more special warranty or other deeds in recordable form reasonably acceptable to Buyer and Seller transferring fee simple title of Owned Real Property and an instrument of assignment, transfer or other conveyance of Seller’s interests in and to all Easements in form reasonably acceptable to Buyer and Seller;

(g) Copies or originals of all Files and Records, materials, documents and records in possession of the Seller relating to the Real Property or the Assigned Contracts;

(h) Certificate of the Seller pursuant to Section 12.02 of this Agreement;

(i) Certificate of the Seller pursuant to Section 12.07 of this Agreement;

(j) Any documents duly executed by Seller required by the Title Company to issue final owner’s title policies in accordance with the procedures set forth in Article VI; and

(k) All such other instruments of conveyance or other documents as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer to Buyer the Acquired Assets in accordance with this Agreement or to carry out the terms of this Agreement, duly executed and acknowledged by Seller, if necessary, and in a recordable form.

Section 13.03. **Deliveries by Buyer**

At the Closing, Buyer shall have delivered or caused to be delivered to the Seller the following agreements, documents and other items:

- (a) Payment in full of the Purchase Price;
- (b) A duly executed counterpart to the Assignment and Assumption Agreement;
- (c) A duly executed counterpart to the Escrow Agreement;
- (d) Certificate of Buyer pursuant to Section 11.02 of this Agreement;
- (e) Certificate of Buyer pursuant to Section 11.05 of this Agreement;
- (f) Evidence of PaPUC approval as provided in Section 12.03;
- (g) Instruments of assumption of Seller's interests in and to all Easements in form reasonably acceptable to Buyer and Seller per Section 13.02(e); and
- (h) All such other instruments of assumption as shall, in the reasonable opinion of Seller and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement.

ARTICLE XIV.

TERMINATION

Section 14.01. Events of Termination

This Agreement may, by notice given in the manner hereinafter provided, be terminated and abandoned at any time prior to completion of the Closing:

- (a) By the mutual consent of the Seller and the Buyer;
- (b) By either the Seller or the Buyer, upon notice, if:
 - (i) the Closing does not occur on or prior to the Outside Date, except the Buyer shall have the one-time right to extend the Outside Date for up to one hundred twenty (120) days if, in the Buyer's sole discretion, any such amount of time up one hundred twenty (120) is necessary to obtain a required Governmental Approval; or
 - (ii) any Governmental Authority issues an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the material transactions contemplated by this Agreement and such order, decree, ruling or other action becomes final and non-appealable; provided, however, that the Party seeking termination pursuant to this clause (b) is not in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement;
- (c) By the Seller (if Seller is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by the Buyer pursuant to the terms of this Agreement or of any representation or warranty of the Buyer contained in this Agreement, which breach (i) has continued without cure

for a period of sixty (60) days following notice thereof by the Seller to the Buyer or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XI of this Agreement not being satisfied (which condition has not been waived by the Seller in writing); or

(d) By the Buyer (if Buyer is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by the Seller pursuant to the terms of this Agreement or of any representation or warranty of the Seller contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following notice thereof by the Buyer to the Seller or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XII of this Agreement not being satisfied (which condition has not been waived by the Buyer in writing).

This Agreement may not be terminated after the Closing.

Section 14.02. **Effect of Termination**

If this Agreement is terminated by Seller or Buyer pursuant to Section 14.01, notice thereof will be given promptly to the other and all further obligations of the Parties terminate without further action by either Party and without liability or other obligation of either Party to the other Party hereunder, except that no Party will be released from liability hereunder if this Agreement is terminated and the transactions abandoned by reason of any willful breach of this Agreement.

ARTICLE XV.

MISCELLANEOUS

Section 15.01. **Confidentiality**

Except as and to the extent required by 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 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 or its shareholders, directors, officers, agents, or Representatives to the other Party or its employees, directors, officers, agents or representatives in connection herewith at any time or in any manner other than in connection with the completion of the transactions contemplated by this Agreement and related transactions.

Section 15.02. **Public Announcements**

Subject to Law or listing rules of an exchange on which Buyer'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. Subsequent public announcements by one Party shall be subject to review and approval by the

other Party prior to issuance, such approval not to be unreasonably withheld, conditioned or delayed.

Section 15.03. **Notices**

All notices, other communications and approvals required or permitted by this Agreement shall be in writing, shall state specifically that they are being given pursuant to this Agreement and shall be addressed as follows:

in the case of the Seller:

Attention:

DELCORA
100 East Fifth Street
Chester, PA 19013
Attention: Executive Director

with a copy to:

DELCORA
100 East Fifth Street
Chester, PA 19013
Attention: Solicitor

in the case of the Buyer:

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

with a copy to:

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: General Counsel

or such other persons or addresses as a Party may from time to time designate by notice to the other Party. A notice, other communication or approval is deemed to have been sent and received (i) on the day it is delivered, or if such day is not a Business Day or if the notice is received after ordinary office hours (time or place of receipt), the notice, other communication or approval is deemed to have been sent and received on the next Business Day, or (ii) on the fourth Business Day after mailing if sent by United States registered or certified mail.

Section 15.04. **Headings**

The article, section and paragraph headings in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement.

Section 15.05. **Severability**

If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and in no way be affected, impaired or invalidated.

Section 15.06. **Entire Agreement**

This Agreement is the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. There are no representations, warranties, conditions or other agreements, whether direct or collateral, or express or implied, that form part of or affect this Agreement, or that induced any Party to enter into this Agreement or on which reliance is placed by any Party, except as specifically set forth in this Agreement. The Parties acknowledge and agree that (i) each has substantial business experience and is fully acquainted with the provisions of this Agreement, (ii) the provisions and language of this Agreement have been fully negotiated and (iii) no provision of this Agreement shall be construed in favor of any Party or against any Party by reason of such provision of this Agreement having been drafted on behalf of one Party rather than the other Party.

Section 15.07. **Amendments; Waivers**

The Parties may amend this Agreement only by the Parties' written agreement that identifies itself as an amendment to this Agreement. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement will be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement will operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

Section 15.08. **Parties in Interest; Third Party Beneficiary**

Except as hereinafter provided, this Agreement is not intended to and shall not be construed to create upon any Person other than the Parties any rights or remedies hereunder.

Section 15.09. **Successors and Assigns**

Neither Party to this Agreement may assign any right or delegate any performance under this Agreement without the prior written consent of the other Party. A purported assignment or purported delegation without prior written consent is void.

Section 15.10. **Governing Law; Jurisdiction**

The laws of the Commonwealth of Pennsylvania (without giving effect to its conflicts of law principles) govern all matters arising and relating to this Agreement, including torts. The Parties irrevocably agree and consent to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Delaware 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 Delaware 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.

Section 15.11. **Specific Performance**

Irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms of this Agreement. Either Party may seek specific performance of the terms of this Agreement, in addition to any other remedy to which they are entitled at law or in equity if the other Party has performed in accordance with the terms of this Agreement.

Section 15.12. **Counterparts; Facsimile Execution**

This Agreement may be executed in any number of counterparts which, taken together, is one and the same agreement. This Agreement becomes effective when it has been executed by each Party and delivered to both Parties. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to the other Party by facsimile transmission. Such Party is deemed to have executed and delivered this Agreement on the date it sent such facsimile transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Agreement executed by such Party.

[THIS SPACE INTENTIONALLY LEFT BLANK;

SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed, or caused to be executed by their duly authorized Representatives, this Agreement as of the Effective Date.


DELAWARE COUNTY WATER QUALITY
CONTROL AUTHORITY

By: 

Printed: Robert J. Willert

Its: Executive Director

ATTEST:

By: 
Name: Robert J. Boland
Its: Vice chairman.


AQUA PENNSYLVANIA WASTEWATER, INC.

By: 

Printed: Marc A. Lucca

Its: President

ATTEST:

By: 
Name: Matthew Rhodes
Its: Executive Vice President

February 28, 2020

ASSET PURCHASE AGREEMENT

By and Between

The Delaware County Regional Water Quality Control Authority,

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

SCHEDULES AND EXHIBITS

Capitalized terms used in the Schedules which are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement. The Schedules are to be read in their entirety. Nothing in the Schedules is intended to broaden the scope of any representation or warranty in the Agreement. The disclosure of any item, explanation, exception or qualification in any Schedule is disclosure of that item for all purposes for which disclosure is required under the Agreement when it is reasonably apparent from the context that such item, explanation, exception or qualification also relates to another Schedule irrespective of whether any cross reference is made or no Schedule is provided with respect to a representation. Other than as expressly set forth herein or when the Schedules reference agreements or other matters not documented in a separate writing, all descriptions of agreements, written materials or other matters appearing herein, are summary in nature and are qualified by reference to the complete documents, which have been supplied to the Buyer or its counsel.

EXHIBIT A

Outstanding Indebtedness as of August 14, 2019

Obligation	Principal Outstanding¹
Sewer Revenue Bonds, 2007 Series	\$11,005,000
Sewer Revenue Bonds, 2015 Series	\$36,205,000
Sewer Revenue Bonds, 2016 Series	\$52,885,000
Sewer Revenue Bonds, 2017 Series	\$32,275,000
Pennsylvania Infrastructure Investment Authority "Pennvest" Note	\$5,611,617
Pension Payment	Approximately \$3,200,000 ²

¹ The principal amount outstanding noted herein currently excludes any interest to call date or escrow earnings earned on the Sewer Revenue Bonds, 2007 Series, 2015 Series, 2016 Series and 2017 Series. Such amounts will be updated to reflect current interest and earnings prior to closing.

² Current as of December 31, 2019.

Schedule 2.02(g)

Excluded Assets

None

Copying Prohibited

Schedule 4.05

Required Consents and Approvals

1. Pennsylvania Public Utility Commission (“PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment and Amendment to Sewer Service Agreements and Related Amendments
3. Pennsylvania Department of Environmental Protection (“PaDEP”) Approval of Sanitary Sewer Collection and Conveyance System Act 537 Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. PaDEP Approval of Transfer of All NPDES and WQM Permits

Copying Prohibited

Schedule 4.06

Seller Liabilities

None

Copying Prohibited

Schedule 4.07

Events Having a Material Adverse Effect

None

Copying Prohibited

Schedule 4.09

Real Property and Easements; Liens

Owned Real Property:

- 5th and Welsh Streets, Chester, Pennsylvania 19013
- 3201-27 W. Front Street, Chester, Pennsylvania 19013
- 113 N. 2nd Street (at Dock), Chester, Pennsylvania 19013
- Delaware Avenue & Broomall Street, Chester, Pennsylvania 19013
- 87 W. 8th Street, Chester, Pennsylvania 19013
- 1700 Calcon Hook Road, Sharon Hill, Pennsylvania 19079
- 401 Penn Street, Marcus Hook, Pennsylvania 19061
- 6 Walnut Street, Marcus Hook, Pennsylvania 19061
- Market Street and W. Delaware Avenue, Marcus Hook, Pennsylvania 19061
- 801 S. Sellers Avenue, Ridley Park, Pennsylvania 19078
- 100 Amosland Road, Norwood, Pennsylvania 19074
- 2432 Concord Road, Chester, Pennsylvania 19013
- 718-20 and Rear of Eddystone Avenue, Eddystone, Pennsylvania 19022
- Smith Street, Trainer, Pennsylvania 19061
- 3607 Post Road, Trainer, Pennsylvania 19061
- 18 North Longpoint Road, Rose Valley, Pennsylvania 19063
- 605-607 W. Brookhaven Road, Rose Valley, Pennsylvania 19065
- Old Mill Lane, Rose Valley, Pennsylvania 19065
- 8-9 Longpoint Lane, Rose Valley, Pennsylvania 19065
- 27-32 Forestview Road, Rose Valley, Pennsylvania 19065
- 18 North Longpoint Road, Rose Valley, Pennsylvania 19063
- 1 Gamble Lane, Aston, Pennsylvania 19014
- 960 Pocopson Road, Chadds Ford, Pennsylvania 19317
- Pratt Lane, Pocopson, Pennsylvania 19366
- 48 Bridle Way, Edgmont, Pennsylvania 19028
- 30 Dream Valley Drive, Edgmont, Pennsylvania 19028
- Seaport Drive, Chester Pennsylvania 19013
- Indenture dated February 6, 2012 by CSMI, LLC, as Grantor, and DELCORA, as Grantee, for the premises located at Delaware County Tax Folio No. 49-03-00740-00 (part of), recorded in the Office of the Recorder of Deeds for Delaware County on April 27, 2012 at instrument number 2012025753
- Special Warranty Deed dated November 17, 2017 by Covanta Delaware Valley, LP, as Grantor, and DELCORA, as Grantee, for the premises located at Delaware County Tax Folio No. 49-11-01310-90 (part of), recorded in the Office of the Recorder of Deeds for Delaware County on November 22, 2017 at instrument number 2017062476
- Deed of Dedication of Sanitary Sewer Line dated November 16, 2006 by Crozer Hills Homeownership, LLC, as Grantor, and DELCORA, as Grantee recorded in the Office of the Recorder of Deeds for Delaware County on December 29, 2006, at PH 12:54
- Deed of Dedication – Sanitary Sewer Facilities dated July 18, 2013 between DPG LP VIII Seaport P1 LP, as Grantor, and DELCORA, as Grantee, for a portion of the premises located at Delaware County Folio Number 49-10-00603-02, recorded in the Office of the Recorder of Deeds for Delaware County on January 28, 2014 at RD BK05457-1955

- Deed of Dedication – Sanitary Sewer Facilities dated July 18, 2013 between Rivertown Developers, LP as Grantor, and DELCORA, as Grantee for a portion of the premises located along Seaport Drive in Chester, PA, recorded in the Office of the Recorder of Deeds for Delaware County on January 28, 2014 at RD BK05457-1947
- Indenture dated December 1983 between Chester Township Sewer Authority to Chester Township (recording details not provided)
- Deed dated July 19, 1993 from the Borough of Eddystone to DELCORA for the real property at 8th and Eddystone Avenue, Eddystone Borough, Delaware County, PA
- Deed of Dedication – Sanitary Sewer Easements dated October 1, 2005 by and among Toll PA VI, L.P., The Preserve at Chadds Ford Community Association, Inc., and Pocopson Township, granting to the Township sanitary sewer easements constructed by Toll within The Preserve at Chadds Ford (affecting part of UPI No. 63-3-84.1)
- Deed of Dedication – Sanitary Sewer Easements dated December 23, 2009 and effective March 1, 2010 by and among Toll PA XI, L.P., Riverside at Chadds Ford Community Association, Inc., and Pocopson Township, granting to the Township sanitary sewer easements constructed by Toll within The Riverside at Chadds Ford (affecting part of UPI No. 63-4-144)
- Deed between the Borough of Eddystone and DELCORA dated July 19, 1993 for part of Folio #18-00-00161
- Special Warranty Deed between Southwest Delaware County Municipal Authority and DELCORA granting to DELCORA Folio # 02-00-02914-01 and 02-00-02914-04; later subject to a Correction Special Warranty deed dated June 26, 2017 correcting the legal description
- Indenture dated June 11, 1976 between the City of Chester and DELCORA transferring lands of the Chester City (recording details not provided)
- Indenture dated July 22, 1980 between Muckinpaten Authority and DELCORA transferring lands of Muckinpaten Authority (recording information not provided)

Easements:

- Facilities Easement dated November 26, 2014 between the City of Chester and DELCORA formally acknowledging and memorializing the City's grant of easement and right of way to DELCORA for utility facilities consisting of a forty-eight inch (48") force main pipe under City-owned property consisting of Boothe Street, 3rd Street, Concord Avenue, 2nd Street and Dock Street, recorded in the Office of the Recorder of Deeds for Delaware County on December 3, 2014 at instrument number at AM11:17
- Access Easement Agreement dated November 17, 2017 by Covanta Delaware Valley, LP, as Grantor, and DELCORA, as Grantee, for the premises located at Delaware County Tax Folio No. 49-11-01310-90 (part of), recorded in the Office of the Recorder of Deeds for Delaware County on November 22, 2017 at instrument number 2017062477
- Assignment of Easement and Pipeline Repair Agreement, dated 2011 between Kimberly-Clark Pennsylvania, LLC, as Assignor, and DELCORA, as Assignee, assigning Kimberly-Clark's interest in a 30 inch pipeline and pipeline easement across lands owned by Chester City
- Easement and Right of Way Agreement dated 2004 (unexecuted) between Darby Creek Joint Authority and DELCORA, granting to DELCORA a permanent right of way easement for construction and maintenance of a security fence upon the Authority's property at Calcon Hook Road and Tribbett Avenue, Darby Township, Delaware County (Folio Number 15-00-02051-00)
- License and Right of Way Entry Agreement Number 068379 dated June 1, 2010 between the Commonwealth of Pennsylvania, Department of Transportation (as Licensor) and DELCORA (as Licensee) whereby PennDOT granted to DELCORA a revocable license to construct a facility along State Route 0291 in Chester City, Delaware County as shown on the plans entitled "Easement Plan for Pennsylvania Department of Transportation" dated April 24, 2009

- Agreement dated December 16, 2003 between Fiore Peticca and DELCORA with respect to shared maintenance of a lateral line transmitting waste water from Fiore Peticca's property.
- Right of Way Agreement dated January 26, 1979 between Darby Creek Joint Authority and DELCORA granting DELCORA a right of way through Darby Creek Joint Authority property
- Easement Agreement dated April 3, 2000 between DELCORA and American Ref Fuel Company of Delaware Valley, L.P. ("ARF") containing mutual easements to permit DELCORA to construct and use an access road through the lands of ARF and to grant ARF a utility easement through the lands of DELCORA, adjacent parcels located at Front and Highland Streets in Chester, Pennsylvania
- Assignment of Easements dated June 29, 2009 by Borough of Rose Valley to DELCORA, with respect to (i) Deed of Easement dated October 16, 1985, from Thomas J. Conroy to the Borough of Rose Valley, recorded in Volume 295, Page 1829; (ii) Deed of Easement dated October 23, 1985 from Thomas J. Conroy to the Borough of Rose Valley, recorded in Volume 295, 1844; and (iii) Deed of Easement dated September 4, 1971 from Robert D. Honeyford to the Borough of Rose Valley, recorded in Volume 2411, page 981.
- Right of Way Agreement dated January 8, 2010 by which Brett Roe granted to DELCORA a permanent sanitary sewer easement and right of way situate at 208 W. 2nd Street, Chester City, Delaware County, Pennsylvania (Folio # 49-06-00010-00)
- Right of Way Agreement dated January 8, 2010 by which Roe Properties LLC granted to DELCORA a permanent sanitary sewer easement and right of way situate at 419 W. 2nd Street, Chester City, Delaware County, Pennsylvania (Folio #49-06-00077-00)
- Right of Way Agreement dated January 8, 2010 by which Roe Properties LLC granted to DELCORA a permanent sanitary sewer easement and right of way situate at 421 W. 2nd Street, Chester City, Delaware County, Pennsylvania (Folio #49-06-00078-00)
- Right of Way Agreement dated January 8, 2010 by which Roe Properties LLC granted to DELCORA a permanent sanitary sewer easement and right of way situate at 611 W. 2nd Street, Chester City, Delaware County, Pennsylvania (Folio #49-07-00130-00)
- Right of Way Agreement dated December 7, 2009 by which Jimmie L. Bowman granted to DELCORA a permanent sanitary sewer easement and right of way situate at 2603 W. Second Street, Chester City, Delaware County, Pennsylvania (Folio #49-11-00130-00)
- Right of Way Agreement dated December 7, 2009 by which Jimmie L. Bowman granted to DELCORA a permanent sanitary sewer easement and right of way situate at 2617 W. Second Street, Chester City, Delaware County, Pennsylvania (Folio #49-11-00132-00)
- Right of Way Agreement dated December 7 by which Jimmie Bowman granted to DELCORA a permanent sanitary sewer easement and right of way situate at 2601 W. Second Street, Chester City, Delaware County, Pennsylvania (Folio #49-11-00129-00)
- Right of Way Agreement dated December 22, 2009 by which Marvin and Sondra Daniels granted to DELCORA a permanent sanitary sewer easement and right of way situate at 202 W. 2nd Street, Chester City, Delaware County, Pennsylvania (Folio #49-06-00007-00)
- Easement Agreement dated February 19, 2019 by and between Springhill Farm Condominium Association and DELCORA, conveying to DELCORA a non-exclusive easement for use of the sewer mains on Springhill's property and a portion of their property for DELCORA's collection system
- Right of Way Agreement dated November 19, 2009 between DELCORA and Gallo Brothers Development, LLC granting DELCORA a permanent sanitary sewer easement and right of way at 128 Watts Street, City of Chester, Delaware County (Folio #49-10-01026-00)
- Right of Way Agreement dated November 19, 2009 between DELCORA and Gallo Brothers Development LLC, granting to DELCORA a permanent sanitary sewer easement and right of way at West Front Street, City of Chester, Delaware County , PA (Folio #49-08-00789-00)

- Agreement Between DELCORA and Township of Newtown dated October 15, 2013 containing and easement to permit DECORA to operate and maintain sewage facilities on, under and as part of the property of the township
- Right of Way Agreement dated November 11, 2009 between DELCORA and Frances L. Greenhalgh, granting to DELCORA a permanent sanitary sewer easement and right of way at 609 W. 2nd Street, City of Chester, Delaware County (Folio #49-07-00129-00)
- Right of Way Agreement dated November 11, 2009 between DELCORA and Frances Greenhalgh granting to DELCORA a permanent sanitary sewer easement and right of way at 525 W. 2nd Street, City of Chester, Delaware County (Folio #49-07-00117-00)
- Right of Way Agreement dated November 11, 2009 between DELCORA and Frances Greenhalgh granting to DELCORA a permanent sanitary sewer easement and right of way at 601 W. 2nd Street, City of Chester, Delaware County (Folio #49-07-00125-00)
- Right of Way Agreement dated December 22, 2009 between DELCORA and Robert Griffin granting to DELCORA a permanent sanitary sewer easement and right of way at 118 Thurlow Street Street, City of Chester, Delaware County (Folio #49-11-01972-00)
- Right of Way Agreement dated December 12, 2009 between DELCORA and Robert Harvey granting to DELCORA a permanent sanitary sewer easement and right of way at 2801-2803 W. 2nd Street, City of Chester, Delaware County (Folio #49-11-00149-00)
- Right of Way Agreement dated November 15, 2009 between DELCORA and the Estate of Doris D. Jones granting to DELCORA a permanent sanitary sewer easement and right of way at 136 Reaney Street, City of Chester, Delaware County (Folio #49-10-00925-00)
- Right of Way Agreement dated 2011 between DELCORA and the City of Chester, Chester Municipal Building granting to DELCORA a permanent sanitary sewer easement and right of way at 2501-2507 W. 2nd Street, City of Chester, Delaware County (Folio #49-11-00112-00)
- Right of Way Agreement dated November 10, 2009 between DELCORA and Robin McGruder granting to DELCORA a permanent sanitary sewer easement and right of way at 509 W. 2nd Street, City of Chester, Delaware County (Folio #49-07-00109-00)
- Condemnation (November 2009) acquiring a permanent sanitary sewer easement for the replacement of Chester Force Main affecting the property located at 605 W. 2nd Street, Chester, Delaware County (Folio #49-06-00127-00)
- Condemnation (November 2009) acquiring a permanent sanitary sewer easement for the replacement of Chester Force Main affecting the property located at 425 W. 2nd Street, Chester, Delaware County (Folio #49-06-00080-00)
- Right of Way Agreement dated October 30, 2009 between DELCORA and Ogborne Trash Removal, Inc. granting to DELCORA a permanent sanitary sewer easement and right of way at West. 2nd Street, City of Chester, Delaware County (Folio #49-08-01309-01)
- Right of Way Agreement dated January 13, 2010 between DELCORA and Covanta Delaware Valley LP f/k/a American Ref-Fuel Company of Delaware County, LP granting to DELCORA a permanent sanitary sewer easement and right of way at W. Front Street, City of Chester, Delaware County (Folio #49-11-00015-00)
- Right of Way Agreement dated January 13, 2010 between DELCORA and Covanta Delaware Valley LP, f/k/a American Ref-Fuel Company of Delaware County, LP granting to DELCORA a permanent sanitary sewer easement and right of way at 10 Highland Avenue, City of Chester, Delaware County (Folio #49-11-01310-93)
- Right of Way Agreement dated January 13, 2010 between DELCORA and Covanta Delaware Valley LP, f/k/a American Ref-Fuel Company of Delaware County, LP granting to DELCORA a permanent sanitary sewer easement and right of way at 10 Highland Avenue, City of Chester, Delaware County (Folio #49-11-01310-95)

- Condemnation (November 2009) acquiring a permanent sanitary sewer easement for the replacement of Chester Force Main affecting the property located at 2629 W. 2nd Street, Chester, Delaware County (Folio #49-11-00136-00)
- Right of Way Agreement dated 2009 between DELCORA and Robert Bradshaw, Jr. granting to DELCORA a permanent sanitary sewer easement and right of way at 213 Penn Street, City of Chester, Delaware County (Folio #49-06-01030-00)
- Right of Way Agreement dated 2009 between DELCORA and Robert A. Bradshaw, Jr. granting to DELCORA a permanent sanitary sewer easement and right of way at 211 Penn Street, City of Chester, Delaware County (Folio #49-06-01029-00)
- Right of Way Agreement dated 2009 between DELCORA and Robert A. Bradshaw, Jr. granting to DELCORA a permanent sanitary sewer easement and right of way at 201-2019 Penn Street, City of Chester, Delaware County (Folio #49-06-00735-00)
- Right of Way Agreement dated 2009 between DELCORA and Robert A. Bradshaw, Jr. granting to DELCORA a permanent sanitary sewer easement and right of way at 217 Penn Street, City of Chester, Delaware County (Folio #49-06-01032-00)
- Right of Way Agreement dated 2009 between DELCORA and Robert A. Bradshaw, Jr. granting to DELCORA a permanent sanitary sewer easement and right of way at 215 Penn Street, City of Chester, Delaware County (Folio #49-06-01031-00)
- Right of Way from DELCORA to PECO Energy Company the full, free and uninterrupted right, liberty and authority to locate and install such electric communications distribution facilities at the DELCORA pumping station (BRT/OPA # 88-2-9710-63)
- Sanitary Sewer Easement / Right of Way Agreement between DELCORA and Crozer Hills Homeownership, LLC dated November 16, 2006 granting to DELCORA the right to construct sanitary sewer lines on the land of Crozer for transportation of sewage.
- Right of Way Agreement dated August 13, 2010 between DELCORA and Chester First Partnership granting to DELCORA a permanent sanitary sewer easement and right of way at W. Second Street, City of Chester, Delaware County (Folio #49-07-00041-02)
- Condemnation (November 2009) acquiring a permanent sanitary sewer easement for the replacement of Chester Force Main affecting the property located at 204 W. 2nd Street, 206 W. 2nd Street, 513 W. 2nd Street, 515 W. 2nd Street, 517 W. 2nd Street, 519 W. 2nd Street, 523 W. 2nd Street, 527 W. 2nd Street, 529 W. 2nd Street, 1121-1125 W. 2nd Street, 127 Townsend Street, 126 Watts Street, 126 Townsend Street, 2513 W. 2nd Street and 2729-2731 W. 2nd Street, Chester, Delaware County
- Right of Way Agreement dated October 30, 2010 between DELCORA and Ogborne Trash Removal, Inc. granting to DELCORA a permanent sanitary sewer easement and right of way at W. Second Street, City of Chester, Delaware County (Folio #49-08-01309-01)
- Condemnation (March 2010) acquiring a permanent sanitary sewer easement for the replacement of Chester Force Main affecting the property located at 2717 W. 2nd Street, 2719 W. 2nd Street, 2721 W. 2nd Street, 2723 W. 2nd Street and 2725 W. 2nd Street, Chester, Delaware County
- Right of Way Agreement dated November 11, 2009 between DELCORA and James Sweeny granting to DELCORA a permanent sanitary sewer easement and right of way at W112 Thurlow Street, City of Chester, Delaware County (Folio #49-11-01969-00)
- Deed of Confirmation and Right of Way Agreement dated 2013 between DELCORA and Tristate Properties a/k/a Tristate Properties granting to DELCORA a temporary construction right-of-way along W. 2nd Street (Folio #49-08-01309-01)
- Agreement between DELCORA and Chester Apartment Associates dated November 11, 1982 granting to DELCORA a perpetual right of way and easement for transportation of sewage over certain areas of Grantor's land

- Indenture between DELCORA and the Redevelopment Authority of the City of Chester dated October 22, 1972 granting to DELCORA the free and uninterrupted right to install and operate a sanitary sewer on and under the lands of the Redevelopment Authority
- Indenture between DELCORA and the Redevelopment Authority of the City of Chester dated 1975 granting to DELCORA the free and uninterrupted right to install and operate a sanitary sewer on and under the lands of the Redevelopment Authority
- Easement and Right of Way Agreement dated August 6, 2014 between Aston Township and DELCORA granting to DELCORA a permanent right of way and easement for the use of electric power distribution lines and transmission system
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated April 3, 2013 between Danbro LP and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at Sunfield Circle, Township of Chester, Delaware County (Folio #07-00-00289-07)
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated April 11, 2013 between Delaware County Incinerator Authority and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at Concord Road, Township of Chester, Delaware County (Folio #07-00-00236-00)
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated April 3, 2013 between Barbara Pryce, executrix of the estate of Olive Yeager Shaffer a/k/a Olive R. Shaffer and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at 53 Concord Road, Township of Chester, Delaware County (Folio #07-00-00261-00)
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated April 3, 2013 between Lonnie Gray and Beverly Gray and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at 621 W. 2nd Street, Township of Chester, Delaware County (Folio #07-00-00135-00)
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated March 20, 2013 between John J. and Stacy A. Savoy and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at 56 Concord Road, Township of Chester, Delaware County (Folio #07-00-00262-00)
- Agreement Between DELCORA and Township of Newtown dated March 25, 2013 containing and easement to permit DECORA to operate and maintain sewage facilities on, under and as part of the property of the township
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated March 20, 2013 between Patricia A. Savoy and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at 52 Concord Road, Township of Chester, Delaware County (Folio #07-00-00260-00)
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated 2013 between Rental Properties Inc. and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way W. 2nd Street, Township of Chester, Delaware County (Folio #49-07-00115-00)
- Deed of Easement and Right of Way Agreement in Lieu of Condemnation dated 2013 between Glen Rosenwald and DELCORA granting to DELCORA a permanent sanitary sewer easement and right of way at 511 W. 2nd Street, Township of Chester, Delaware County (Folio #49-07-00100-00)
- Condemnation (2000) acquiring a permanent sanitary sewer easement for the replacement of Chester Force Main affecting the property located at Industrial Highway (SR291) and Eddystone Avenue, Eddystone, Delaware County (Folio #18-00-00556-00 and 18-00-00556-001)
- Right of Way Agreement between Liberty Electric Power LC and DELCORA granting to DELCORA a permanent right of way for a permanent sanitary sewer easement along the Industrial Highway (State 291) Eddystone, Delaware County (Folio #18-00-00500-05)

- Pipeline Easement Agreement dated September 7, 2000 between PECO Energy Company and DELCORA granting to DELCORA the right to construct a 36-inch diameter pipeline under the property of PECO in Eddystone Borough
- Right of Way Agreement dated September 11, 1980 between Charles Frank and Geraldine A. Frank and DECORA granting to DELCORA a right of way to maintain and install a force main for transportation of sewage
- Right of Way Agreement dated 1981 between the Delaware County Industrial Development Authority and DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated August 15, 1980 between Joseph A. Osterheldt, Virginia Osterheldt, Kenneth Osterheldt and Margaret Osterheldt and DELCORA granting to DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated 1979 between the Borough of Norwood and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated 1980 between the Darby Realty Company, Inc. ,Faye Goodman and Lonna G. Ettelson, co-executrixes of the estate of George Godman and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated July 17, 1980 between the Darby Realty Company, Inc. and G.G.G. Corp. and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated September 17, 1979 between the Albert J. Opendaker and Nina L. Opendaker and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated August 19, 1980 between the Frederick F. Keesler, executor of the estate to Clyde C. Keesler and Norman V.S. Keesler and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated July 15, 1980 between Edwin G. West Jr. and Suzzane K. West and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated December 2, 1980 between the Gilbert and Dorothy Taylor and DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated November 20, 1980 between the Folcroft Landfill Corporation, the Delaware County Industrial Development Authority and DELCORA granting DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Agreement dated June 15, 1982 between Chester Redevelopment Authority and DELCORA granting DELCORA a perpetual right of way and easement for the transportation of sewage and waste under the Authority's property
- Right of Way Agreement dated March 15, 1988 between Delaware County and DELCORA granting to DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated August 14, 1979 between the Leedom Fire Company No. 1, Darby and Clymer Roads, Ridley Park and DELCORA granting to DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water

- Right of Way Agreement dated December 1978 between the County of Delaware Court House and DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated October 17, 1980 between the Morrow's Marina, Inc. and DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Right of Way Agreement dated September 1983 between Richard Cullen Yates and Helen S. Yates and DELCORA a right of way to maintain and construct a force main for the transportation of sewage and waste water
- Sanitary Sewer Easement and Right of Way Agreement dated April 16, 2014 between Loia D. and Joan M. Mcinally and DELCORA granting to DELCORA a perpetual sanitary sewer easement and right of way for the property located at 14-17 Rock Hill Road, Edgmont Township
- Deed of Dedication – Sanitary Sewer Facilities dated October 6, 2016 between Stephanie Giletto and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at Tax Folio #19-00-00330-01
- Sanitary Sewer Easement and Right of Way Agreement dated May 27, 2014 between Edgmont Township and Emanuel Spitzer granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 2 Oak Circle, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated April 16, 2014 between Edgmont Township and Michael and Colleen Ciavola granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 2 Spruce Road, Edgmont Township
- Deed of Dedication – Sanitary Sewer Facilities dated May 3, 2017 between Thomas B. and Kara E. Cullen Edgmont Township granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 22 Rosecommon Road, Newtown Square
- Grant of Sanitary Sewer Easement Runnymede Farms Open Space Langton Lane Connection between Runnymede and Edgmont Township granting to Edgmont Townshi a sanitary sewer easement over the property of Runnymede
- Deed of Dedication – Sanitary Sewer Facilities dated April 10, 2018 between Phyllis Sauter and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at Tax Folio #19-00-00134-00
- Sanitary Sewer Easement and Right of Way Agreement dated May 28, 2014 between Edgmont Township and Anthony Liberati and Joyce Cadwalder granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 3 Oak Circle, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated April 9, 2014 between Edgmont Township and Eric and Deborah J. Weiss granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 3523 Runnymede Drive, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated July 17, 2014 between Edgmont Township and Kevin and Elena McClelland granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 3525 Runnymede Drive, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated June 30, 2014 between Edgmont Township and Maurice and Ann Glavin granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 3745 Providence Road, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated July 9, 2014 between Edgmont Township and Edward J. Tell granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 42 Charter Oak Drive, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated June 5, 2014 between Edgmont Township and Owen Fishman and Joyceanne Marx granting to Edgmont a perpetual sanitary

sewer easement and right of way for the property located at 44 Charter Oak Drive, Edgmont Township

- Sanitary Sewer Easement and Right of Way Agreement dated April 16, 2014 between Edgmont Township and Garrano Associates granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 4989 West Chester Pike, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated June 23, 2014 between Edgmont Township and AQUA Pennsylvania granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at Tax Folio #30-00-01157-00.
- Sanitary Sewer Easement and Right of Way Agreement dated September 8, 2015 between Edgmont Township and Castle Roack Association granting to Edgmont a perpetual sanitary sewer easement and right of way for the property known as Castle Rock, Edgmont Township
- Sanitary Sewer Easement and Right of Way Agreement dated July 17, 2014 between Edgmont Township and Castle Rock Association granting to Edgmont a perpetual sanitary sewer easement and right of way for the property known as Castle Rock, Edgmont Township
- Grant of Sanitary Sewer Easement Runnymede Farms HOA Open Space between Holloway Development Corporation and Edgmont Township granting to Edgmont Township a sanitary sewer easement over the Corporation's property at Tax Folio #19-00-00000-00
- Sanitary Sewer Easement and Right of Way Agreement dated June 6, 2014 between Edgmont Township and Joyfor Joint Venture granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located at 4753 West Chester Pike, Edgmont Township
- Grant of Sanitary Sewer Easement – Newtown Terrace and a Portion of PAPA Boulevard dated July 16, 2014 between Edgmont Township and Michael and Colleen Ciavola granting to Edgmont a perpetual sanitary sewer easement and right of way for the property located Tax Folio #19-00-000-0000
- Sanitary Sewer Easement Assignment Agreement dated October 30, 2014 between Lakeview Associates, the Holloway Development Corp. and DELCORA assigning to DELCORA its rights in existing sewer easements
- Deed of Dedication – Arbors at Edgmont Homeowners Association – Sanitary Easement and Sewer Lines dated February 9, 2015 between the Arbors at Edgmont Homeowners Association and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in the right of way known as Arbor Way and other open space of the grantor
- Deed of Dedication – Runnymede Farms Sewer Association – Sanitary Sewer Lines dated February 17, 2014 between the Lakeview Associates, Pritchard Place Condominium Association, Clusters I at Runnymede Farms Association, Inc. the HDC Singles and Canter Village Homeowners Association and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in land of the grantor
- Deed of Dedication for a portion of the Springton Chase Subdivision Sanitary Easement and Sewer Lines Located in Edgmont Township dated February 9, 2016 between the Rose Tree Manor, LLP and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in land of the grantor
- Deed of Dedication - Springton Sewer Association – Sanitary Easement and Sewer Lines dated July 10, 2014 between the Springton Sewer Association, Inc. and the Holloway Development Corporation and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in land of the grantor
- Edgmont Township- Sanitary Sewer Easement and Right of Way Agreement – Canter Village Open Space dated July 24, 2014 between the Canter Village Home Owners Association, Inc and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in land of the grantor known as Canter Village Open Space, Edgmont Township
- Grant of Sanitary Sewer Easement Runnymede Farms Open Space Glavin Property Connection Oak Circle Connection Castle Rock Connection to EPS1 and Charter Oak Connection dated July

10, 2014 between the Holloway Development Corporation and Edgmont Township a perpetual sanitary sewer easement in the lands of grantor

- Edgmont Township Amended and Restated Easement Agreement – Sanitary Sewer Easement and Right of Way Agreement – Canter Village Open Space between Edgmont Township and Canter Village Home Owners Association dated January 28, 2015 granting to Edgmont Township a perpetual sanitary sewer easement over the amended easement area shown on Exhibit A thereto
- Deed of Dedication – Eagleview Homeowners Association – Sanitary Sewer Easement and Sewer Lines dated April 11, 2016 between the Eagleview Homeowners Association and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in land of the grantor
- Edgmont Township – Sanitary Sewer Easement and Right of Way Agreement dated May 20, 2014 between Edgmont Township and Patrick and Theresa Laphen granting to Edgmont a perpetual sanitary sewer easement over the property known as Lot 28, Springton Chase 70 Camoustle Way, Media
- Deed of Dedication – Sanitary Sewer Line dated May 14, 2014 between the S & H Land Development, LP and Edgmont Township granting to Edgmont a perpetual sanitary sewer easement in land of the grantor
- Sanitary Sewer Easement and Right of Way Agreement between DELCORA, Edgmont Township and Robert E. and Lauri Lembo Grajewski granting to DELCORA and Edgmont a perpetual sanitary sewer easement over the property known as 30 Charter Oak Drive, Edgmont Township
- Deed of Easement and Right of Way in Lieu of Condemnation dated September 23, 2015 by Patricia L. Rich and Matthew J. Sweeny and DELCORA conveying to DELCORA the property known as 3801 Gradyville Road, Newtown Square, PA 19073
- Agreement Between DELCORA and Township of Newtown dated March 19, 2013 containing and easement to permit DECORA to operate and maintain sewage facilities on, under and as part of the property of the township
- Deed of Easement and Agreement dated March 11, 1975 between LCA Leasing Corp. and DELCORA granting to DELCORA permanent easement to accommodate fill.
- Agreement from LCA Leasing Corporation to DELCORA dated October 22, 1976 granting to DELCORA a temporary right of way for construction purposes for the sanitary sewer in the grantor's property
- Modification of Easement Agreement dated December 20, 1988 between DELCORA, Chester Solid Waste Associates, and Delaware Resource Management, Inc. modifying an original Deed of Easement and Agreement providing that Solid Waste's construction of a solid waste resource facility will not unreasonably interfere with the rights granted to DELCORA
- Agreement with Public Utility or Municipality for Crossing under Railroad Tracks, Right of Way and Property at Public Road dated October 22, 1975 between Andrew L. Lewis, Jr. and Joseph L. Castle between Andrew L. Lewis Jr. and Joseph L. Castle and DELCORA granting DELCORA the right to construct and maintain 3 sanitary sewage pipes under the lands of the Railroad
- Temporary Construction Easement Agreement dated August 17, 2015 between Alan Mcilvain Company and DELCORA granting to DELCORA a temporary non-exclusive easement over a portion of the Grantor's property located at 501 Market Street, Marcus Hook for the purpose of removing a temporary above-ground sewer bypass pipe
- Sanitary Sewer Right of Way Grant and Easement dated February 14, 2017 between DELCORA and Middletown Township, Delaware County, Sewer Authority granting to MTSA a permanent right of way and easement to construct and lay a sanitary sewer interceptor through DELCORA's property in Aston Township, Delaware County (Gamble Road – Folio #02-00-02914-04)
- Agreement between Philadelphia Electric Company and DELCORA dated May 22, 1974 granting to DELCORA the right to repair and replace a 66 inch sanitary sewer force main in grantor's property in the 40th ward of Philadelphia

- Agreement between Philadelphia Electric Company and DELCORA dated December 14, 1976 permitting DELCORA to repair and replace a 36 inch sanitary sewer force main in grantor's property located in Delaware County
- Right of Way Agreement dated November 14, 2002 between ConocoPhillips Company and DELCORA providing for access to build and maintain sewer facilities on the grantor's land
- Indenture dated June 6, 1977 between Borough of Marcus Hook and DELCORA granting to DELCORA a sanitary sewer force main right of way through the Borough's lands containing the existing sewage treatment plant situate in the Borough of Marcus Hook and the Borough of Trainer
- Permanent and Temporary Sanitary Sewer Access Agreement in Lieu of Condemnation dated August 29, 2018 between R. Lee Roberts and DELCORA granting to DELCORA a nonexclusive temporary access easement and permanent easement over grantor's property for the Rose Valley Force Main
- Permanent and Temporary Sanitary Sewer Access Easement Agreement dated August 27, 2018 between R. Lee Roberts and DELCORA over grantor's property located at Tax Parcel No. 39-00-00163-00.
- Permanent and Temporary Sanitary Sewer Access Easement Agreement dated June 10, 2017 between Rose Valley Swimming Pool Corporation a/k/a Rose Valley Swimming Pool and DELCORA over grantor's property located at Tax Parcel No. 39-00-00082-00
- Deed Dedication – Sanitary Sewer Facilities dated July 11, 2013 between BPG LP VIII Seaport PI LP and DELCORA transferring to DELCORA its rights title and interest to the sewer facilities located on the grantor's property
- Deed Dedication – Sanitary Sewer Facilities dated July 11, 2013 between Rivertown Developers LP and DELCORA transferring to DELCORA its rights title and interest to the sewer facilities located on the grantor's property
- Agreement Between DELCORA and BPG LP VIII Seaport P1 LP dated October 16, 2012 containing and easement to permit DECORA to operate and maintain sewage facilities on, under and as part of the property of the grantor
- Agreement Between DELCORA and Rivertown Developers LP dated October 16, 2012 containing and easement to permit DECORA to operate and maintain sewage facilities on, under and as part of the property of the grantor
- Agreement Between DELCORA and Covanta Delaware Valley LP dated April 8, 2010 containing and easement to permit DECORA to operate and maintain sewage facilities on, under and as part of the property of the grantor
- Deed of Easement dated July 1, 1974 between BP Oil Corporation and DELCORA granting to DELCORA a permanent easement in the grantor's land in Delaware County
- Agreement dated July 13, 1977 between Sohio Petroleum, BP Oil Inc. and DELCORA granting to DELCORA an easement to renew and replace a 36 inch sanitary sewer force main in Chester City
- Cross-Easement Agreement between Southwest Delaware DELCORA Municipal Authority (SWDCMA) and DELCORA dated November 2, 2016 for Folio #02-00-02914-01 and 02-00-02914-04
- Correction Cross-Easement Agreement dated June 26, 2017 between Southwest Delaware County Municipal Authority (SWDCMA) and DELCORA addressing a subdivision of certain parcels
- Sanitary Sewer Easement and Construction Easement dated 2000 between DELCORA and The Boeing Company permitting DELCORA to operate, maintain and repair sewer and waste water mains on Boeing's property in Delaware County, PA (unsigned by DELCORA)
- Easement Agreement between DELCORA and Colony Community Corporation dated May 13, 2011 permitting Colony to have a right of entry and exit over lands formerly owned by DELCORA, and recorded at BK 4937, Pg. 2011 at the Recorder of Deeds of Delaware County

- License Agreement for Wire, Pipe and Cable Transverse Crossings and Longitudinal Occupations between DELCORA and Consolidated Rail Corporation dated June 7, 1976 providing DELCORA a temporary license to construct, repair and ultimately repair a 48-inch pre-stressed concrete sewer pipe in Chester, PA.
- Easement Agreement between DELCORA and Gulf Oil Corporation, dated September 12, 1974 permitting DELCORA the right to repair, maintain and replace a sewage force main across Gulf property located in Darby Township
- Indenture dated November 26, 1980 between Muckinpaten Authority and DELCORA granting DELCORA a right of way to maintain, repair and replace sewer and waterlines located in the borough of Norwood
- Agreement dated May 22, 1974 between Philadelphia Electric Company and DELCORA permitting DELCORA to operate, maintain and replace a 66 inch sanitary sewer force main located in PECO's property in the 10th Ward of Philadelphia
- Grant of Right of Way dated January 10, 1978 between Sun Oil Company of Pennsylvania and DELCORA, permitting DELCORA to operate, repair and replace a meter pit and electrical conduit on the grantor's property located in Lower Chichester Township
- Deed of Easement recorded November 2, 1992 between Deanna Marusco, owner of 310 Tenth Street, Upland Borough and DELCORA, granting to DELCORA a perpetual right of way and easement across the grantor's property for operating, maintaining and repairing its sanitary sewer appliances.

Leases:

- Lease of Site for Communication Facilities dated February 4, 2015, between Newtown Square Tower L.P. as Lessor, and DELCORA, as Lessee, for purposes of providing DELCORA a site to install antennas or antenna systems and related facilities at the Lessor's site, 395 Bishop Hollow Road, Newtown Square, PA 19073. The initial term of the lease was for 5 years, and is subject to automatic renewal through September 30, 2037.
- Communications Site Lease Agreement dated April 5, 2012, between Barcro, LLC, as Lessor, and DELCORA, as Lessee, whereby DELCORA leases a portion of 419 Avenue of the States, Chester, PA 19013 for the operation of a wireless repeater communications site. The initial term of the lease is 5 years, and DELCORA has the right to extend the term for 4 additional terms of 5 years each.
- Air Space Lease Agreement dated May 6, 2001 between Chester Housing Authority, as Lessor, and DELCORA, as Lessee, for purposes of leasing the upper plane of the roof on the building located at 1101 Avenue of the States, Chester, Pennsylvania. The initial term was 5 years, and the lease automatically renews for periods of 5 years unless either party terminates.
- Lease between the Borough of Rose Valley, as Lessor, and DELCORA as Lessee for the Long Point Lane Pumping House and Ground (Folio #39-00-00066-50) dated June 29, 2009 for a term of 99 years. Any attempt of termination must be sent to the other party by certified mail with the specific reason for termination
- Lease between the Borough of Rose Valley, as Lessor, and DELCORA as Lessee for the Old Mill Pumping Station dated June 29, 2009 for a term of 99 years. Any attempt of termination must be sent to the other party by certified mail with the specific reason for termination
- Lease between the Borough of Rose Valley, as Lessor, and DELCORA as Lessee for the Brookhaven Pumping Station dated June 29, 2009 for a term of 99 years. Any attempt of termination must be sent to the other party by certified mail with the specific reason for termination

- Lease between the Borough of Rose Valley, as Lessor, and DELCORA as Lessee for the Sewer Treatment Plant dated June 29, 2009 for a term of 99 years. Any attempt of termination must be sent to the other party by certified mail with the specific reason for termination
- Lease between the Borough of Rose Valley, as Lessor, and DELCORA as Lessee for Forestview Siphon Station dated June 29, 2009 for a term of 99 years. Any attempt of termination must be sent to the other party by certified mail with the specific reason for termination

Copying Prohibited

Schedule 4.10

Equipment and Machinery

<u>Equipment</u>				
NO.	MAKE AND MODEL	SERIAL #	VALUE	NOTES
1	Case 580 Super L Loader/Backhoe	JJG0259338UT58SL35A	\$54,322	Also noted on vehicle list
2	Hyster HSO50 Fork lift	L177B08225D	\$23,469	
3	Lincoln Portable Welder Invertec V300 Pro	U1930800093	\$2,395	
4	Lincoln Portable Welder Invertec V300 Pro	U1930800094	\$2,395	
5	Plasma ARC PCM-150 L-Tech	A93E40574	\$9,594	
8	Portable Genie Lift	AWP08-59982	\$5,000	
12	2002 Hydraulic Powered Sewer Cleaning Bucket Machines	1S9HU12112C381661	\$69,205	
13	2008 Case Backhoe 590 Super M	NBC434720	\$143,400	Also noted on vehicle list
14	Ranger 250 Welder	K1725-4	\$2,775	
15	Ranger 250 Welder	K2322-3	\$3,500	
16	Lincoln Electric Welding Machine	3805807721	\$3,400	
17	Air Compressor 185CFM	4FVCABAAX7U378023	\$11,457	
19	Godwin Pumps GLT416 Light Tower	11147515	\$10,000	
20	CFM 160 Compressor	160B3714	\$13,668	
21	Northstar Arrow Board	2E920140571074067	\$3,995	
22	Pipehunter Easement Machine	0801487	\$34,032	
23	Godwin CD100M	9921162-56	\$19,975.00	
24	Godwin CD100	0957059/19	\$20,145.97	
25	Godwin CD225	0643258/01	\$38,460.00	
26	Godwin CD150	0230518-86	\$20,347	
27	Godwin CD150M	0956241/42	\$28,448	
28	Godwin Heidra Type GHPU30	1202770	\$36,577	
29	Godwin CD100m 4" electric pump	15631364/01		
30	Godwin 6" Electric (stadium)	0438394/02		
30	Godwin 4" dry prime	D41669		
31	2012 Caterpillar Skid Steer	SR50797	\$33,000	
32	2014 Atlas Copco SB452 Hydraulic Breaker	SB452	\$16,451	
33	2014 Angle Broom for Skid Steer	BA117C	\$8,713	
34	JLG model 2630ES scissor lift	0200146522	\$8,300	
35	Godwin CD150M	15628642-5	\$36,000	

36				
37	Hydro Tex power washer SH40004HH		\$7,800	
38	Best Line trailer w/ Magnum 600kw generator model#MCG600MT2-01	5AJGS172XFB510715	\$270,000	
39	2019 JLG Telehandler Model # 1043	0160093750	\$124,176	

Current Vehicles							
VEHICLE #	MFR.	MODEL	REG. NO.	TITLE NO.	VIN NO.	DEPT	DATE ACQUIRED
9905	STERLING	VACTOR	79075MG	54075510301DE	2FZNRJBB1YAA99658	SM	
2001	GMC	Crane/Boom Truck	86263-MG	54960521801DE	1GDS7H4C9YJ516625	SM	
0076	CASE	1998 BACKHOE	MG0670A	57782849201DE	JJG0259338	SM	
4001	FORD	2004 FORD F550 TEREX TELELECT TL36P	MG09624B	60623810801 DE	1FDAF56P64EC59794		\$83,805 ACQUIRED 7/04
0502	FORD	2006 FORD TRUCK F-350	MG8172B	62583086501 DE	1FTWF31586EB26848	OPS	ACQUIRED 11/08/05
0601	FORD	2006 FORD TRUCK F-150	MG4726B	62895160401 DE	1FTRX14WX6NB01663	LAB	ACQUIRED 1/26/06
0604	FORD	2007 FORD TRUCK	MG5855B	63761277001 DE	1FTWF31517EA72536	CM	ACQUIRED 8/22/06
0605	STERLING	2006 TRUCK			2FZHAZDE56AV69307	SM	ACQUIRED 10/12/06
0701	DODGE	CARAVAN	MG4558D	64264070901 DE	1D4GP25EX7B168093	ADMIN	ACQUIRED 1/30/07
0702	FORD	2008 ESCAPE 4WD	MG0188D	64491663701 DE	1FMCU92Z08KA29527	CM	ACQUIRED 3/22/07
0703	FORD	2008 ESCAPE 4WD	MG0187D	64491594701 DE	1FMCU92Z98KA29526	ENG	ACQUIRED 3/22/2007
0704	FORD	2008 ESCAPE 4WD	MG0186D	64491614701 DE	1FMCU92Z78KA29525	SM	ACQUIRED 3/22/07

0706	FORD	2008 FORD TRUCK S-DTY F-350	MG6242 D	647631240 00 DE	1FDWX31578 EA93370	CM	ACQUIRED 5/4/07
0707	FORD	2008 FORD TRUCK S-DTY F-250	MG6241 D	647631253 00 DE	1FTNF21528E B00528	CM	ACQUIRED 5/4/07
0709	FORD	2008 FORD TRUCK - F-250	MG6102 D	647500612 01 DE	1FTNF21508E B00530	OPS	ACQUIRED 5/21/07
0801	FORD	2008 FORD ESCAPE	MG5714 D	658362790 01 DE	1FMCU92Z88 KD64602	CONS TR- MNG MNT	ACQUIRED 3/26/08
0802	FORD	2008 FORD ESCAPE	MG5713 D	658362933 01 DE	1FMCU92Z68 KD64601	SM	ACQUIRED 3/26/08
0803	FORD	2008 FORD ESCAPE	MG5715 D	658362642 01 DE	1FMCU92ZX8 KD64603	CM- MEC H SUPV	ACQUIRED 3/26/08
0804	FORD	2008 FORD TRUCK - F250	MG0816 E	658297392 01 DE	1FTNF21588E D63056	CM	ACQUIRED 3/20/08
0805	FORD	2008 FORD TRUCK - F250	MG1245 E	658297683 01 DE	1FTNF21568E D63055	CM	ACQUIRED 3/20/08
0902	FORD	2009 FORD TRUCK	MG7536 E	669200375 01DE	1FDAF56R09E A31783	CM	ACQUIRED 3/16/09
0903	INTERNATI ONAL	2010 INTERN ATION AL TRUCK	MG9578 E	673449659 01DE	1HTMMAAN3 AH191053	SM	ACQUIRED 7/2/09
0904		2008 FREIGH TLINER	MG0828 F		WDYPE74568 5307562	SM	
0905	FORD	2010 FORD TRUCK RANGE R		677477860 01DE	1FTLR1FE7A PA07645	STAN - CM	ACQUIRED 11/4/09
0906	FORD	2010 FORD TRUCK RANGE R	MG6885 E		1FTLR1FE9A PA07646	OPS	ACQUIRED 11/4/09

0908	FORD	2010 FORD TRUCK RANGE R	MG6887 E	677477048 01DE	1FTLR1FE2A PA07648	CM	ACQUIRED 11/4/09
0909	FORD	2010 FORD TRUCK RANGE R		677478060 01DE	1FTWF3B51A EA62059	SM	ACQUIRED 11/4/09
NONE ISSUED	CAM	2006 TRAILE R	MG1342 F	639607365 002DE	5JPBU14266P 014215	??	ACQUIRED 12/2009
NONE ISSUED	ALUMACR AFT	14 FT JON BOAT	NONE	NONE	ACBE4672H8 09	OPTN S AT POCO PSON	ACQUIRED 3/17/2009
1101	FORD	2011 FORD F350 TRUCK	MG8568 F	696007940 01DE	1FTRF3B6XB EC68956	CM	ACQUIRED 5/27/2011
1102	FORD	2011 FORD F350 TRUCK	MG8569 F	696008204 01DE	1FTRF3B68BE C68955	SM	ACQUIRED 5/27/2011
1103	FORD	2011 FORD F350 TRUCK	MG8570 F	696009014 01DE	1FTRF3B66BE C68954	CM PLAN T	ACQUIRED 5/27/2011
1104	FORD	2011 FORD F350 TRUCK	MG8596 F	696335119 01DE	1FT8W3B67B EC68957	SM CRE W CAB	ACQUIRED 6/3/2011
1105	INTERNATI ONAL	2012 DUMP TRUCK	MG4390 F	696323874 01DE	1HTWDAAR4 CJ583997	SM	ACQUIRED 6/9/2011
1106	INTERNATI ONAL	2012 VACTO R & CHASSI S TRUCK	MG7436 F	697233520 01DE	1HTWCAZR5 CJ556136	SM	ACQUIRED 6/29/2011
NONE ISSUED	GODWIN	2011 GENER ATOR TRAILE R	MG1000 G	702615503 01DE	16MPF1531B D061075	CM	ACQUIRED 12/19/2011
NONE ISSUED	DEHART	2012 TOWM ASTER TRAILE R	MG1001 G	702615585 01DE	4KNFT2025C L160772	SM	ACQUIRED 12/19/2011
1201	FORD	2012 FORD F-250	MG6678 G	716237707 01DE	1FTBF2B66CE B36578	CM	ACQUIRED 11/20/2012

		PICKUP TRUCK					
1202	FORD	2012 FORD F-250 PICKUP TRUCK	MG6673 G	716232812 01DE	1FTBF2B68CE B36579	CM	ACQUIRED 11/20/2012
1203	FORD	2012 FORD F-250 PICKUP TRUCK	MG6755 G	716558857 01 DE	1FTBF2B60CE B27570	CM	ACQUIRED 11/20/2012
1204	FORD	2012 FORD VAN	MG6679 G	716237549 01DE	NMOLS7BN3 CT109075	CM	ACQUIRED 11/20/2012
1205	FORD	2012 FORD F-450 TRUCK	MG6676 G	716232521 01DE	1FDOW4HT9 CEC73381	SM	ACQUIRED 12/19/2012
1301	FORD	2013 FORD ESCAPE	MG6674 G	716232016 01DE	1FMCU9GX6 DUC07561	CM	ACQUIRED 12/19/2012
1302	FORD	2014 FORD F-250 TRUCK	MG1496 H	728146710 01DE	1FTBF2B68EE A76211	REM OTES	ACQUIRED 12/11/2013
1303	FORD	2014 FORD F-350 TRUCK	MG1497 H	728146896 01DE	1FT8X3B6XE EA70276	REM OTES	ACQUIRED 12/11/2013
1401	FORD	2014 FORD F450 TRUCK (DUMP)	MG4110 H	738379592 01DE	1FDUF4HY9E EB73121	SM	ACQUIRED 5/2014
1402	FORD	2014 FORD ESCAPE	MG5299 H	736816841 01DE	1FMCU9G91E UD98339	CM	ACQUIRED 7/22/2014
1403	FORD	2015 F350 4X4 CREW CAB	MG7317 H	741677459 01DE	1FT8W3B63F EA37480	SM	ACQUIRED 11/2014
1404	FORD	2015 F250 4X4 STD CAB	MG7323 H	741677010 01DE	1FTBF2B69FE A06816	REM OTE OPS	ACQUIRED 11/2014
1405	FORD	2014 F150 4X4 STD CAB	MG7094 H	740907007 01DE	1FTMF1EMO EKF67600	REM OTE OPS	ACQUIRED 11/2014
1406	FORD	2015 F250	MG7324 H	741677234 01DE	1FTBF2B62FE B74703	CM	ACQUIRED 11/2014

		4X4 STD CAB					
1407	FORD	2014 F150 4X4 STD CAB	MG7322 H	741676848 01DE	1FTMF1EM7E FB08394	REM OTE OPS	ACQUIRED 11/2014
1408	FREIGHTLI NER	2014 5D CUES DIESEL SPRINT ER VAN	MG7300 H	741475424 01DE	WDYPF4CC8 E5861709	SM	ACQUIRED 11/2014
BH	CASE	2008 CASE BACKH OE			N8C434720	SM	
1601	INTL	2016 INTERN ATION AL (VAC)	MG6152 H		3HAWKSUR5 HL373201	SM	ACQUIRED 4/18/2016
1602	FORD	2016 FORD TRANSI T VAN			NMOLS7E78G 1238413	CM	ACQUIRED 6/20/2016
1603	FORD	2016 FORD F-150 CREW CAB			1FTFW1EF7G FC60902	LAB	ACQUIRED 6/27/2016
1604	FORD	2017 FORD ESCAPE	MG6900 J		1FMCU9GD6 HUA83979	SM	ACQUIRED 6/30/2016
1605	FORD	2017 FORD ESCAPE	MG6907 J		1FMCU9GD6 HUA83982	CM	ACQUIRED 6/30/2016
1606	FORD	2017 FORD ESCAPE	MG6906 J		1FMCU9GD2 HUA83980	SM	ACQUIRED 6/30/2016
1607	FORD	2017 FORD ESCAPE	MG8226 J		1FMCU9GDX HUA83984	CM	ACQUIRED 7/12/2016
1608	FORD	2017 FORD ESCAPE	MG6930 J		1FMCU9GD4 HUA83981	CM	ACQUIRED 7/12/2016
1609	FORD	2017 FORD ESCAPE	MG6932 J		1FMCU9GD8 HUA83893	ENG	ACQUIRED 7/12/2016
1610	FORD	2017 FORD EXPLO RER			1FM5K8D8XG GD04559	OPS	ACQUIRED 7/12/2016

1611	FORD	2017 FORD F-350	MG7805 5		1FTBF2B676E D282122	SM	ACQUIRED 6/30/2016
9905	STERLING	2000 STERLI NG VAC TRUCK	MG7907 5		2FZNRJB1YA A99658	SM	ACQUIRED 10/15/1999
MOBILGEN 2	MAGNUM	TT MOUNT ED GENER ATOR			5ajgs172xfb51 0715	CM	ACQUIRED 06/15/2015
1801	FORD	2018 FORD F-250			1FTBF2B66JE B73749	CM	ACQUIRED 2/28/18
1802	FORD	FORD F-350 CREW CAB			1FT8W3B64JE B73481	SM	ACQUIRED 03/01/18
1803	FORD	2018 FORD F-250	MG6986 K	786750280 1	1FTBF2B62JE B73477	CM	ACQUIRED 03/01/18
1804	FORD	2018 FORD F-250			1FTBF2B64JE B73478	CM	ACQUIRED 03/01/18
1701	FORD	2017 FORD ESCAPE		781381015 01DE	1FMCU9GD1 HUF01171	CM	ACQUIRED 09/15/2017
1702	peterbilt	2017 peterbilt PB348			2NP3LJ0XXJ M463963	CM	ACQUIRED 12/28/17
1805	FORD	2018 FORD TRANSI T	MG7300 H		1FTRS4XM1J KA09409	SM	2/6/2018
1901	FORD	2019 FORD F-250			1FTBF2B65K EE66971	AUT	4/22/2019
1902	FORD	2019 FORD F-250			1FTBF2B63K EE66970	SM	4/22/2019
1903	FORD	2019 FORD F-250			1FTBF2B67K EE66969	SM	4/22/2019
1904	FORD	2019 FORD TRANSI T VAN			1FMZK1ZMX KKB06746	ADMI N	5/28/2019
1905	FORD	2019 FORD F-550 UTILIT Y			1FDUF5HT6K DA18537	CM	5/28/2019

IT Inventory as of November 30, 2018				
NAME	CATEGORY	SN	MODEL	COST
ROOM	Tablet	19515730653	Surface with Windows 8 Pro	1,000
VISION	Server	USM70204U9	ProLiant DL360 G5	6,000
TRITONMNGR	Server + VMware		VMware Virtual Platform	0
PRETREATMENT2	Workstation	MXL0281JYH	HP Compaq 6000 Pro MT PC	800
AUTOCAD	Laptop	CND52845G5	HP ProBook 450 G2	1,000
TECH01	Laptop	2CE22818HK	HP EliteBook 2760p	1,000
ADMINPRINTSRV	Server + VMware	Virtual	VMware Virtual Platform	0
WEBSENSEDB	Server + VMware	Virtual	VMware Virtual Platform	0
BILLING-1	Workstation	2UA5432B8F	HP EliteDesk 800 G1 SFF	800
ENGCONSTLT	Laptop	8CG5100FNL	HP EliteBook Folio 1040 G1	1,000
LTCP-SERVER	Server	MXQ53705MZ	ProLiant DL360 Gen9	3,000
ADMINSRV	Server + VMware	Virtual	VMware Virtual Platform	0
APPSERVER2	Server + VMware	Virtual	VMware Virtual Platform	0
APPSERVER3	Server + VMware	Virtual	VMware Virtual Platform	0
FILESERVER	Server + VMware	Virtual	VMware Virtual Platform	0
GISAPP	Server + VMware	Virtual	VMware Virtual Platform	0
KBLACKWELL	Laptop	5FTSA06705	CF53-4	4,000
TECH02	Laptop	5CG4373YZS	HP EliteBook 840 G1	2,500
SIDDIQUIS	Laptop	CND52845FN	HP ProBook 450 G2	1,000
ACCT3	Workstation	MXL93006N2	HP Compaq dc7900 Ultra-Slim Desktop	800

ACCOUNTING-1	Workstation	2UA5391CLK	HP EliteDesk 800 G1 SFF	800
BILLING WINDOW-1	Workstation	2UA5432B8D	HP EliteDesk 800 G1 SFF	800
ADMIN01	Workstation	MXL9261GWY	HP Compaq dc7900 Small Form Factor	800
SCPROJECTS	Laptop	5CG4373Y0N	HP EliteBook 840 G1	1,000
ADMIN3	Workstation	2UA0211HDS	HP Compaq 8100 Elite SFF PC	800
INFORAPP	Server + VMware		VMware Virtual Platform	0
INFORREPORT	Server + VMware		VMware Virtual Platform	0
MAINTSUPPORTER	Workstation	MXL92513K5	HP Compaq dc7900 Convertible Minitower	800
PROCESS_AUTO	Laptop	CNU22406DC	HP EliteBook 8460p	1,000
BILLING	Workstation	2UA5432B8J	HP EliteDesk 800 G1 SFF	800
BILLING-2	Workstation	2UA5391CKQ	HP EliteDesk 800 G1 SFF	800
BILLING-5	Workstation	2UA5391CGX	HP EliteDesk 800 G1 SFF	800
BILLING-3	Workstation	2UA5432B8H	HP EliteDesk 800 G1 SFF	800
ADMIN-02	Workstation	2UA5391CKY	HP EliteDesk 800 G1 SFF	800
SEWERMAINT	Workstation	2UA1460SMC	HP Z210 Workstation	1,000
LAB03	Workstation	98VC961	OptiPlex GX280	800
BODSTATION	Workstation	BGFB4G1	OptiPlex 755	800
MAINTENANCEYOUCH	Workstation	2UA0051G9M	HP Compaq 8100 Elite SFF PC	800
ACCOUNTING-3	Workstation	2UA5391CL4	HP EliteDesk 800 G1 SFF	800
LABMGR	Laptop	CNU404BSDT	HP EliteBook 840 G1	1,000
OPERATIONSOFFICE	Workstation	MXL237038T	HP Compaq Pro 4300 SFF PC	800
INCIN	Workstation	MXL9261GX8	HP Compaq dc7900 Small Form Factor	800

REMOTE-TB	Laptop	1BTYA97737	CF-52PFNBP2M	2,000
HRSEC	Workstation	8924L81	OptiPlex GX620	800
MAINTPLAN	Workstation	J6M77C1	OptiPlex 745	800
LAB01	Workstation	D9HG4F1	OptiPlex 755	800
SEWMAINT2	Workstation	USH13800HA	HP Z210 Workstation	800
OPERATIONFORMAN	Workstation	MXL2370397	HP Compaq Pro 4300 SFF PC	800
MAINTPC01	Workstation	5CP27J1	OptiPlex 960	800
PRETREATMENT_1	Workstation	51027J1	OptiPlex 960	800
AUTOPROCESS	Laptop	CNU4259PJ0	HP EliteBook 820 G1	800
ACCOUNTING-2	Workstation	2UA5432B8M	HP EliteDesk 800 G1 SFF	800
BILLING-4	Workstation	2UA5432B8K	HP EliteDesk 800 G1 SFF	800
ENGPROCESS	Laptop	2WJ7JD1	Latitude D630	800
GISDATA	Server + VMware	Virtual	VMware Virtual Platform	0
INFORDATA	Server + VMware	Virtual	VMware Virtual Platform	0
MAILSRV	Server + VMware	Virtual	VMware Virtual Platform	0
VIBRATIONSRV-02	Server	2M2206038Z	ProLiant DL380 G7	2,500
HRMANAGER	Laptop	CNU4299C96	HP EliteBook 820 G1	1,200
OPSDIR	Laptop	CNU424BVNG	HP EliteBook 820 G1	1,200
ADMIN4	Workstation	FRY4LF1	OptiPlex 755	500
STOREKEEPER	Workstation	MXL9261GZM	HP Compaq dc7900 Small Form Factor	500
CONTROLLER	Laptop	5CG4373WL4	HP EliteBook 840 G1	1,000
RECIPTPC	Workstation	7RMHDH1	OptiPlex 755	500
ENGTECH	Laptop	5CG5140GNR	HP EliteBook 820 G1	1,000

PLANTSR V	Server + VMware		VMware Virtual Platform	0
ENGCI VIL	Workstation	11027J1	OptiPlex 960	500
VIBRA TION-STATI	Workstation	99HG4F1	OptiPlex 755	800
MAINTFR M	Workstation	28T0SH1	OptiPlex 960	800
ENGINEE RCONS ULT	Workstation	2UA0051G9 N	HP Compaq 8100 Elite SFF PC	800
ENVSPC	Tablet	1940163265 3	Surface with Windows 8 Pro	1,000
HURSTC_ DELCOR A	Laptop	5CG5193W 5G	HP EliteBook 820 G1	1,000
WILLERT _DELCOR A	Laptop	5CG5193W BG	HP EliteBook 820 G1	1,000
MAINTC ARTAFAL SA	Workstation	MXL92610 C3	HP Compaq dc7900 Convertible Minitower	800
SLUDGE- REC	Workstation	To be filled by O.E.M.	MS-7923	800
ITC	Workstation	R90JNZ3G	20GQ000EUS	3,000
OPET_LA PTOP	Server + VMware	R90JMA8U	20GQ000EUS	3,000
DOORS	Workstation	To be filled by O.E.M.	XS35V4	800
ID_SYSTE M	Workstation	629Q9G1	OptiPlex 755	800
MAINT- CAMPBE LL	Workstation	USH607L0R 7	HP EliteDesk 800 G1 TWR	800
LABPC1	Workstation	USH607L0 KM	HP EliteDesk 800 G1 TWR	800
STORERO OMWIND OW	Laptop	CNU82026 G6	HP Compaq 6720s	800
ADMINPR INT2	Server + VMware	Virtual	VMware Virtual Platform	0
MONITO R	Server	2M203402N 6	ProLiant DL380 G7	2,500
SEWERM AINT_CA RT	Laptop	5CG5140H8 5	HP EliteBook 820 G1	1,000

BILLINGS PARE_LE	Workstation	USH607L11 S	HP EliteDesk 800 G1 TWR	800
INFORTE ST	Server + VMware	Virtual	VMware Virtual Platform	0
CAULK_L APTOP	Laptop	5CG5193W 3X	HP EliteBook 820 G1	1,000
STORERO OM_LUK EP	Workstation	USH607L0R 9	HP EliteDesk 800 G1 TWR	800
LAP104	Laptop	CNU10403R 2	HP 620	800
LABPC2	Workstation	USH607L0 K2	HP EliteDesk 800 G1 TWR	800
TRAININ G3	Workstation	USH607L0R G	HP EliteDesk 800 G1 TWR	800
IT_DEPT	Workstation	USH607L0C 4	HP EliteDesk 800 G1 TWR	800
LABPC3	Workstation	USH607L0R F	HP EliteDesk 800 G1 TWR	800
HR_SPAR E	Workstation	USH607L11 R	HP EliteDesk 800 G1 TWR	800
INFORDA TA	Server + VMware	Virtual	VMware Virtual Platform	0
INFORTE ST	Server + VMware	Virtual	VMware Virtual Platform	0
GISAPP	Server + VMware	Virtual	VMware Virtual Platform	0
BABYLO NS_LAPT OP	Laptop	5CG5193W KR	HP EliteBook 820 G1	1,000
ENVIROS P	Laptop	5CB2480X7 3	HP ProBook 6570b	1,000
CONTRO LROOM	Workstation	58T0SH1	OptiPlex 960	800
ADMASS T_CUMMI NG	Workstation	USH607L0B T	HP EliteDesk 800 G1 TWR	800
FOREMA NBLACK WEL	Workstation	48T0SH1	OptiPlex 960	800
PLANTR2 SRV	Server + VMware	Virtual	VMware Virtual Platform	0
VCENTER 2	Server + VMware	Virtual	VMware Virtual Platform	0

BUSDEV_LENTON C	Laptop	5CG5140H4 K	HP EliteBook 820 G1	1,000
HRSEC_BYRDTRE NA	Workstation	USH607L0C 6	HP EliteDesk 800 G1 TWR	800
PARTS_MATERIAL S	Workstation	USH607L0 HW	HP EliteDesk 800 G1 TWR	800
GISLAP	Laptop	9CKSA4276 8	CF-30KTPAXAM	1,000
SHINNK	Workstation	USH607L11 R	W2D43U8#ABA	800
IMAGEAPP	Server + VMware	Virtual	VMware Virtual Platform	0
IMAGEDATA	Server + VMware	Virtual	VMware Virtual Platform	0
CEMS01P20110758	Server + VMware	Virtual	VMware Virtual Platform	0
CEMS02P20110758	Server + VMware	Virtual	VMware Virtual Platform	0
LABPC4	Workstation	USH607L0 HZ	HP EliteDesk 800 G1 TWR	800
LABPC5	Workstation	USH607L0C C	HP EliteDesk 800 G1 TWR	800
Admin2610XM.delcora.org	Router Cisco	FTX1453AL 5N		1,820
AdminASA5512	Firewall	FCH183970 3Z		4,800
Admin_UPS	UPS_Admin	1026402184 001G7		8,000
HP_Laserjet_9040	Printer	JPFL7510J1		1,000
HP Laserjet 4600	Printer	JPDKF3598 2		2,500
Admin Ap	Access Point	FTX1346N2 HY		500
HP LaserJet LJ400	Printer	CNB8D8CS 40		300
DelMainAP	Access Point	FTX1346N2 HY		900
HP Color CM4730	Printer	JP4L153307		4,900

Canon Adv 5051	Printer	1E8F2D5FD F		1,500
Canon Adv 5051	Printer	GQM63479		4,000
iR-ADV C9075	Printer	HJW50930		20,000
Admin_M DF_SW2	Switch	CAT0725X2 XD		2,300
ESXi-01-1	Server	8BKYZ72		5,000
ESXi-02-2	Server	8BLTZ72		5,000
ESXi-03-3	Server	8BL5Z72		5,000
VMware_S witch.delco ra2000.org	Switch	CAT1028Z H9W		1,100
SAN_SWI TCH	Switch	FOC1415Y7 6S		2,300
Admin-emc	SAN	APM001247 18159		8,000
Jatheon	Email Archiver	IEFYT11G		6,000
Plant_Rout er	Router	JMX0740L0 CW		1,820
Plant1760	Router Cisco	F0C07251B 6K		1,000
PlantASA5 512	Firewall	FCH18357Z 3J		5,000
Plant SAN	SAN	APM001247 18159	Emc VNX	16,000
Instrument ation Biometric		1051100	Biometric Reader	5,000
ESX2-Plant	Server	MX2250D1 N	HP Prolian DL360 G7	5,000
ESX-Plant	Server	MXQ2250D 2C	HP Prolian DL360 G7	5,000
Instrument ation Biometric Reader	Biometric	12345678		5,000
Shop Biometric	Biometric	10511309		5,000
B2 Biometric Reader	Other	1051589		5,000
Central Maint	Biometric Reader	1051324		5,000

Biometric Reader				
HP Color Laserjet 2840	Printer	CNHC7BB0 B0		830
Designjet T1100	Printer	MY8896C07 1		25,000
Color LaserJet CP2025dn	Printer	CNG844077 1		3,500
Canon IR-ADV 5035	Printer	GNW61246		5,000
iR-ADV C5045	Printer	GPQ60416		5,000
iR-ADV C5035	Printer	GNW62219		5,000
CANOND 8FD5E	Printer	F190502		2,000
Plant_B2	Switch	FD01950E1 WS		3,000
Plant B2	Switch	FD019501D KL		3,000
Blower Build	Switch			1,500
Plant_B5	Switch	FD1019501 DEX		3,000
PlantTraile r	Switch			1,500
Incin Switch	Meraki Switch	Q2HP-A5SS-W6E6		1,500
Liebert UPS_Plant	UPS	1222102185 004L4		10,000
Barracuda_Admin	Backup	BAR-BS-826813		8,000
Barracuda_Plant	Backup	BAR-BS-822790		8,000
KIP3000	Printer			20,000
PlantASA5 512	Firewall	FCH18357Z 3J		6,000
Plant_San	SAN	APM001247 18159		15,000
Plant_ESX 1	Proliant DL380-G7	2M203402N 6		4,000
Plant_ESX 2	Proliant DL 360G7	MXQ2250D 2C		4,000

Drobo	SAN	DRB143401 000027		10,000
UCS_Server	UCSC-C220-M3SBE	FCH1748V0 3S		5,000
UCS_Server	UCSC-C220-M3SBE	FCH1748V0 91		5,000
Admin Basement	Cisco 7940	INM09473X H8		304
Bill Karch	Cisco 7960	00:0D:29:5E :49:75		360
Billing Temp	Cisco 7960	FC:H1:04:88 :KD:00		360
Chris Lenton	Cisco 7960	00:0D:29:9D :34:75		360
Dan Dutton	Cisco 7960	00:0D:29:9D :33:EF		360
Debbie Saunders	Cisco 7960	00:0D:29:9D :35:58		360
Ed Bothwell	Cisco 7960	00:0D:29:9D :3B:BC		360
Jessie Lawler	Cisco 7960	00:0D:29:5E :49:59		360
Joe Centrone	Cisco 7960	00:0D:29:9D :34:CC		360
John Pileggi	Cisco 7960	00:0D:29:9D :33:27		360
Mike Sweeney	Cisco 7960	00:0D:29:5E :49:70		360
Lou DePeitro	Cisco 7960	00:0D:29:9D :32:C3		360
Mark Dorrin	Cisco 7960	00:0D:29:5E :54:62		360
Michael Opet	Cisco 7960	00:0D:28:7E :1B:0E		360
Mike DiSantis	Cisco 7960	00:0D:29:9D :33:78		360
Mike Rothaupt	Cisco 7940	00:0F:23:AC :42:F9		304
Mike Warholic	Cisco 7960	00:0D:29:5E :49:6C		360
Pamela Cherry	Cisco 7960	00:0D:29:9D :36:90		360
Phyllis Benson	Cisco 7960	00:0D:28:E8 :0D:02		360

Dalinda Carrerr-Papdi	Cisco 7960	00:0D:29:9D:3B:65	360
Steve Babylon	Cisco 7940	000D651CE E3A	304
Shift Foreman	Cisco 7960	00:0D:29:9D:33:76	360
Spare 7960G	Cisco 7960	FCH10468B AC	366
Pam Caulk	Cisco 7960	00:0D:29:5E:54:47	360
Bob Wilert	Cisco 7960	C40ACBE0 00FF	360
Ryan Richards	Cisco 7960	00:0D:29:5E:52:A2	360
Shep Garner	Cisco 7940	000D657965 EB	304
Board Phone	Cisco 7960	A8:B1:D4:F A:55:24	360
Sue Foley	Cisco 7960	00:0D:65:B C:9B:C8	304
Trena Byrd	Cisco 7960	00:26:CB:B F:35:EE	360
Mike Cherico	Cisco 7940	00:0D:65:56:E5:42	304
Tracy Harris	Cisco 7960	00:0D:29:9D:33:8D	360
David Campell	Cisco 7960	00:12:DA:D B:F2:A0	360
William Smith	Cisco 7960	0C:68:03:C0:80:05	360
Patrick Henry	Cisco 7960	000D295E5 3F2	360
James Cassidy	Cisco 8811	000D299D3 423	360
Admin Lobby	Cisco 7960	000DBC50E 003	360
ED McKinney	Cisco 7960	001A6D265 F15	360
Ray Rios	Cisco 7942	3CCE7359A 9FA	304
Clint Swope	Cisco 7962	24B6574492 2E	360
Lindsey Isler	Cisco 7962	0021D8B9C 240	360

B2 Control Room	Cisco Meraki		MR42	750
B2_AP1_Lab_Office	Cisco Meraki		MR42	750
B2_AP2_1st Floor	Cisco Meraki		MR42	750
B3-2	Cisco Meraki		MR42	750
B5_Instrumentation	Cisco Meraki		MR42	750
Blower Building Office	Cisco Meraki		MR42	750
Blower Building Wall Mount	Cisco Meraki		MR42	750
Incin_Level_1	Cisco Meraki		Q2KD-67UC-VJK5	800
Maint Building Outside OD-5	Cisco Meraki		MR72	775
SYSADMIN	Workstation	8CQ831008G	HP ENVY Curved All-in-One PC 34-b0xx	2,000
TEMPLAT ELAPTOP	Workstation	USH808L09K	HP ProBook 640 G3	700
SYSTEMS SPECIALIST	Workstation	USH808L0N0	HP ProBook 640 G3	700
STOREROOMINFOR	Workstation	MXL7231M6H	HP EliteDesk 705 G3 Desktop Mini	725
BILLINGS PARE	Workstation	MXL7231M6C	HP EliteDesk 705 G3 Desktop Mini	725
MARIANICHRIS	Workstation	5CG7430JRC	HP ProBook 650 G3	1200
KIOSK03	Workstation	MXL7381FZQ	HP EliteDesk 705 G3 Desktop Mini	725
KIOSK02	Workstation	MXL7381FZN	HP EliteDesk 705 G3 Desktop Mini	725
DISANTISM	Workstation	5CG6515CVZ	HP ZBook 14 G2	700
MCCLEAFTJ	Workstation	5CG70320J0	HP EliteBook 850 G3	1200
GARNERS_LAPTOP	Workstation	5CG7031ZT7	HP EliteBook 850 G3	1200

CENTRO NEJ_LAP TO	Workstation	5CG70321J T	HP EliteBook 850 G3	1200
KIOSK1	Workstation	2UA65027Z D	HP ProDesk 400 G3 SFF	600
EDPAULI NO	Workstation	2UA650280 L	HP ProDesk 400 G3 SFF	600
DALINDA WRTP	Workstation	2UA65027T 5	HP ProDesk 400 G3 SFF	600
B2 SAN	SAN	CF2HK1619 00059	Emc VNX	20,000
SYSTEMS PECIALIS T	CISCO 8811	FCH2030G VQE		360
ASA5516 X	CISCO Switch		CISCO Security Switch	2350
ASA 5516x	CISCO Switch		Cisco Security Switch	2350

Radio and Antenna Equipment as of October 31, 2018

	Spread Spectrum Radio's			Licensed Radio's			Orbit 900MHZ Licensed RADIO	Cellular RADIO	Ethernet Radio		Antenna's	
	900 MHZ Spread Spectrum Repeater	900MHZ Spread Spectrum RADIO	900MHZ Spread Spectrum Radio	900MHZ Licensed RADIO	Redundant 900MHZ Licensed RADIO	9710 RADIO REPLACE- MENT			900 MHZ Ethernet Radio	900 MHZ Ethernet Access Point	TY-900 12dBi Yagi Antenna	Scala Omni Antenna
LOCATION												
Darby Creek PS				9710							1	
Muckinipates PS		9810		9710							1	
Folcroft PS		9810									1	
Central Delco PS						SD-9					1	
Eddystone PS				9710							1	
Chester PS				9710							1	
Eighth St. Chester Lift Station				9710							1	
Feltonville Lift Station				9710							1	
Broomall St. PS				9710							1	
Lower Chichester Twp. Metering Pit				9710							1	
Price St. PS				9710							1	
Marcus Hook PS				9710							1	
Beech St. PS				9710								
Chadds Ford Ridings		9810									1	
Smith St PS				9710							1	
Viscose Village PS						SD-9						
Chester Ridley Creek PS						SD-9					1	
Riverside WWTP								Raven CDMA C3210				
Thornbury WWTP								Raven CDMA C3210				
Turners Mill WWTP								Raven CDMA C3210				
Parco Tower	9820 spare	9810		9710								1
Armquip Tower					SD-9 Redundant Repeater + Spare						2	
Edgemont		9810				SD-9					2	1
Treatment Plant in Chester WRTF					SD-9 Redundant Master + Spare			Raven CDMA C3210		1	1	1
Crozier Building									1	1	1	1
Front & Booth CSO									1		1	
Front & Highland CSO									1		1	
Front & Hayes CSO									1		1	
Front & Townsend CSO									1		1	
Chester Park CSO									1		1	
Delaware & Reaney CSO									1		1	
Reaney ST CSO									1		1	
5th & Pusey CSO									1		1	
2nd & Lloyd CSO									1		1	
2nd & Tilghman CSO									1		1	
Kerlin & Finland CSO									1		1	
7th & Penn CSO									1		1	
5th & Penn CSO									1		1	
2nd & Parker CSO									1		1	
3rd & Dock CSO									1		1	
3rd & Edgemont CSO									1		1	
2nd & Edgemont CSO									1		1	
2nd & Welsh CSO									1		1	
14th & Crozier CSO									1		1	
9th & Sproul CSO									1		1	
6th & Sproul CSO									1		1	
3rd & Upland									1		1	
Sun & Hancock									1		1	
9th & Campbell									1		1	
8th & McDowell									1		1	
Seaport Dr									1		1	
4th & Melrose									1		1	
1 EntraNet Access Point Radio and equipment - 419 Ave. of the States	\$1,400											
	9820	9810		9710	MDS 9790	MDS SD-9	Orbit	Raven CDMA C3210	1	1	1	
SPARES	1	2		4	2	2	22		2			
TOTAL Installed	1	7	1	15	2	4	0	5	29	3	49	4

Schedule 4.11(a)

Employee Benefit Plans

Delaware County Regional Water Quality Control Authority 401(a) Defined Contribution Plan, adopted January 1, 2000 and most recently restated January 1, 2019. The following documents relate to this plan:

- Adoption Agreement #0003 – Volume Submitter Profit Sharing Governmental Plan
- Basic Plan Document #P-03
- IRS Advisory Letter dated March 31, 2014 confirming that the Volume Submitter Profit Sharing Plan is acceptable under Section 401 of the Internal Revenue Code for use by employers for the benefit of their employees.

Delaware County Regional Water Quality Control Authority Retirement Plan

Workers' Compensation and Employers' Liability Insurance Policy through AmTrust Insurance Company of Kansas, Inc.

Standard Insurance Company Non-Participating Group Life Insurance Policy

Standard Insurance Company Group Long Term Disability Insurance Policy

Independence Blue Cross Medical, Prescription Drug and Vision

Delaware County Regional Water Quality Control Authority Retirement Plan Trust Agreement

Standard Insurance Company Group Short Term Disability Insurance Policy

Travelers Property/Casualty Insurance Program, including Fiduciary Liability, Cyber Liability and Workers' Compensation

Schedule 4.11(b)

Multiemployer Plans

None

Copying Prohibited

Schedule 4.11(c)

Post-Termination Benefit Obligations

- Pursuant to the Enhanced Retirement and Release Agreement between Delaware County Regional Water Quality Control Authority and Robert Powell, dated April 1, 2016, retired employee Robert Powell receives family medical coverage from Delaware County Regional Water Quality Control Authority.

Copying Prohibited

Schedule 4.11(e)

Severance Agreements

Enhanced Retirement Agreement and Release between Phyllis Benson and DELCORA, dated January 26, 2016.

Addendum to Enhanced Retirement Agreement and Release between Phyllis Benson and DELCORA, dated February 29, 2016.

Enhanced Retirement Agreement and Release between Robert Powell and DELCORA, dated April 1, 2016.

Copying Prohibited

Schedule 4.12(a)

Exceptions to Personnel Payments

None.

Copying Prohibited

Schedule 4.13

Environmental Compliance

Environmental Covenant:

The property affected by this Environmental Covenant is Front and Thurlow Streets, City of Chester, Pennsylvania 19013, known as Former Abbonizio Recycling and Covanta Delaware Valley, LP (Parcel Identification No. 49-11-01310-90). Site soils exhibited concentrations of iron and aluminum above PADEP non-residential direct contact Medium Specific Concentrations (“MSC”). Additionally, lead, arsenic and benzo(a)pyrene exhibited concentrations above PADEP numerical values, but have been remediated to below the selected non-residential, non-use aquifer MSCs. Finally groundwater concentrations attained the selected non-residential, non-use aquifer MSC for volatile organic, semi-volatile organic metals and PCBs. As a result, the property is subject to the following activity and use limitations as set forth in this covenant, which the then current owner of the property, and its tenants, agents, employees and other persons under its control, shall abide by:

- The property shall only be used for non-residential purposes;
- Soil within the designated aluminum and iron areas, along with a soil management plan are set forth in Exhibits B and C to this covenant; and
- Groundwater is not to be used on the property for any purpose.

This covenant was approved by the Pennsylvania Department of Environmental Protection on July 27, 2017, and recorded on August 7, 2017 at Book 6041, Page 1749 in the Office of the Recorder of Deeds of Delaware County, Pennsylvania.

Consent Decree:

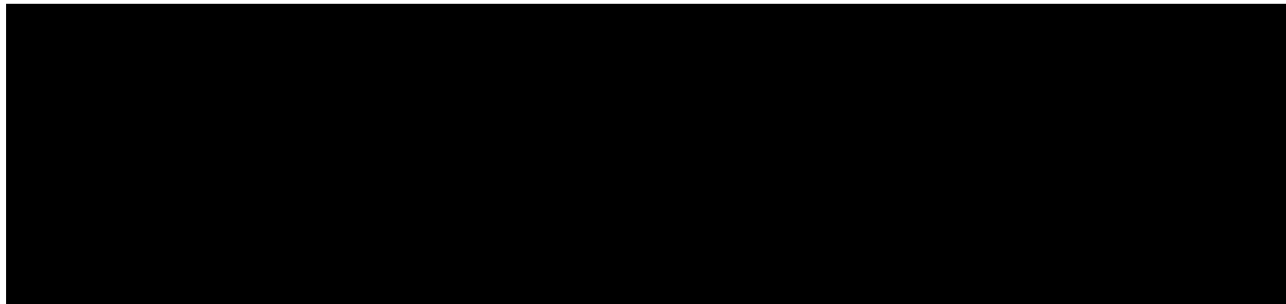
DELCORA is party to a Consent Decree with EPA and the Pennsylvania Department of Environmental Protection (“DEP”) concerning the development and implementation of a more comprehensive Long-Term Control Plan (“LTCP”) to control storm water discharges from its combined sewer overflows (“CSOs”). The Consent Decree became effective on November 13, 2015.

Stage 1 Total Maximum Daily Loadings:

Stage 1 Total Maximum Daily Loadings (“TMDLs”) have been established by the U.S. Environmental Protection Agency (“EPA”) and the Delaware River Basin Commission (“DRBC”) for the Delaware River Estuary and the corresponding Waste Load (“WLA”) allocation assigned to DELCORA for the discharge of polychlorinated biphenyls (“PCBs”) from its Western Regional Treatment Plant (“WRTP”). DELCORA and a number of other entities appealed the Stage 1 TMDL and their respective WLAs. That appeal was withdrawn recently by DELCORA and all other appellants with the expectation that EPA will continue to negotiate in good faith with the parties and other regulated entities to develop and issue a Stage 2 TMDL and associated WLA’s that will supersede the Stage 1 TMDL and Stage 1 WLAs. Thus far, EPA and DRBC haven’t

issued a proposed Stage 2 TMDL or the associated Stage 2 WLAs but it is DELCORA's current expectation that a proposed Stage 2 TMDL will be issued soon, perhaps in Q4-2019 or Q1-2020.

Grand Jury Subpoenas: [highly confidential]



Underground Tanks:

- (3) fuel oil tanks at WRTP that have been closed per PADEP requirements
- (1) fuel oil tank at Chester Pump Station that is no longer in use and closed
- (1) fuel oil tank at Marcus Hook Pump Station that is no longer in use and has not been closed
- (1) wastewater process tank at Marcus Hook Pump Station that is no longer in use but has not been closed

Site Investigation at the DECLORA Site, Chester, Pennsylvania (May 1992):

Prepared for DELCORA which summarizes the findings of the soil investigation conducted at 3201 W. Front Street, in Chester City, Pennsylvania. The report suggests contamination is present at varying degrees across the site.

Final Report on the Disposition of Excavated Soils (October 1996):

Prepared for DELCORA to detail the disposition of the soils excavated during the construction of Clarifier No. 5 at the DELCORA wastewater treatment plant in Chester, Delaware County, Pennsylvania. A total of 31,264.76 tons of soil having greater than 500mg/kg TPH was taken offsite for disposal at the Pottstown Landfill, and approximately 11,000 cubic yards of soil having less than 500 mg/kg TPH remained onsite and was used as backfill for the construction of Clarifier No. 5.

SSO Reporting for 2016- July 31, 2019:

<u>2016 Master SSO Report</u>					
Area	Address	Discharge Observed	Discharged Stopped	Reported By	Notes
East	Central Delaware PS	2/16 13:38	2/16 14:01	T. Czwalina 2/16 14:48	Heavy rain caused high flows to the station, all pumps in service at time. Overflow subsided when crew manually cleaned bar screens.
West	CSO #004 Front and Hayes St	2/18 7:35	2/18 7:35	M. Warholc 2/18 7:55	Rags partially blocking pipe to truck line and regulator. Last checked on 2/17 at 7:26. Cleared and opened.
West	CSO #007 Delaware Ave. and Reaney St.	2/26 13:00	2/26 14:00	M. Warholc 2/26 14:55	Temporary pump used to relieve Interceptor failed and had to be replaced. Crew switched pumps and overflow ended.
West	Manhole # 995 Near 12th and Parker	3/14 15:17	3/14 16:45	J. Cartafalsa 3/14 16:18	Grease and rags were removed from the line which stopped overflow.
West	Plant Recycle Flow (PRF) Gravity Line	4/26 22:30	4/27 1:00	D. Voshelle 4/27 1:35	Overflow was caused by a failure of one of the two pumps. Stand-by pump put into service to stop overflow.
West	Park Lane in Parkside	Unknown Unknown	5/17 13:00	M. DiSantis 5/17 11:15	Resident walking in area noticed leak. Source was determined to be pipe damaged by tree roots. Roots were cut and pipe segment repaired.
East	Central Delaware PS	5/30 3:45	5/30 5:35	D. Voshelle 5/30 6:00	Heavy rain caused high flows to the station, all pumps in service at time. Overflow subsided when influent flow decreased.
East	Bridle Way PS, Edgmont Twp.	5/31 7:30	5/31 8:00	M. DiSantis 5/31 8:30	The VFD for pump #1 failed. Pump placed in hand to end overflow.
West	600 Block W. 12th Street, Chester	7/12 15:12	7/12 18:00	J. Cartafalsa 7/12 15:12	Resident called sewer complaint line. Overflow occurred in heavy brush area most likely due to a grease build up in line. Line was cleared to end overflow.
West	Marcus Hook Pumping Station	11/27 9:29	11/27 10:30	J. Cartafalsa 11/27 9:52	Overflow was caused by a piece of faulty bypass pumping. Crew replaced the pipe and will perform periodic station checks.

West	Marcus Hook Pumping Station	12/5 7:30	12/5 7:35	M. DiSantis 12/5 8:58	Overflow was caused by a piece of faulty bypass pumping. Contractor who supplied pipe is inspecting all pipe and will replace any piping as needed.
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<u>2017 Master SSO Report</u>					
Area	Address	Discharge Observed	Discharged Stopped	Reported By	Notes
East	Norwood Pumping Station	1/1 11:00	1/1 11:30	J. Cartafalsa 1/1 11:43	There was a failure with the breaker to the bubbler. Issue was corrected and a float was added to the wet well as a back up. All debris and stranding water was removed by staff.
West	2757 Bethel Rd. Chester Township	2/17 14:00	2/17 16:18	J. Cartafalsa 2/17 15:26	Grease and rags were removed from the line which stopped overflow. Area was cleaned by staff with all debris removed.
East	Winona Avenue Pump Station	4/6 16:18	4/6 17:00	P. Henry 4/7 7:40	The contactor along with the all of the capacitors failed, the cause of which is currently unknown. A portable pump was set up to operate the station.
West	14th & Crozer (CSO # 19)	4/10 11:45	4/10 14:10	M.Warholc 4/10 0:45	Crew removed a large belgium block from the line.
West	Widener drive way from gym to football stadium	4/17 11:30	4/17 13:00	M.Warholc 4/17 13:20	Tree root infiltrated an 8 inch clay pipe. Crew used vactor to break blockage and Delcora crew will repair pipe 4/18/17
West	End of 14th St. between I-95 and Widener baseball field	6/14 10:00	6/14 10:45	M.Warholc 6/14 10:11	There was rag blockage in the line that the crew opened up with jet truck.
West	15th and Arbor Dr.	6/26 12:00	6/14 12:20	J. Cartafalsa 6/26 13:00	There was a rag and grease blockage in the line that the crew opened up with jet truck.
West	Woods behind 115 E. Garrison	7/28 10:26	7/28 13:39	S. Babylon 7/28 11:30	The sewer pipe running through the creek washed away and broke. A plan is being formulated to repair the pipe.
West	Central Pumping Station	8/23 1:25	8/23 2:25	T. Czwalina 8/23 2:30	High flows to the station caused by heavy rain. All pumps were in service during bypass. Bypass ended

					when flow to the station went below capacity.
West	300 Block of 10th St. Upland	8/22 23:45	8/23 1:09	J. Cartafalsa 8/23 0:55	Heavy rain in a short period of time caused a bottleneck downstream causing the overflow.
West	WRTP	10/31 13:50	10/31 14:15	J. Cartafalsa 10/31 14:18	There was a level sensor failure that caused a back up of the delaware insterceptor causing an overflow of CSO's 2,5,7
West	WRTP	11/8 21:45	11/8 22:00	M. DiSantis 11/9 9:30	PRF overflow caused by a partial blockage in the gravity line. Blockage was cleared with high pressure flush truck. Normal operation then resumed.
West	947 E. 14th St. Chester	12/15 10:45	12/15 11:15	J. Cartafalsa 12/15 11:20	A grease build up in the pipe caused a blockage, which was cleared with a high pressure water truck.
East	Muck Pumping Station	12/17 7:27	12/17 13:28	T. Czwalina 12/17 13:56	A failure with the UPS for the PLC which operates the station caused the failure.
West	Reaney St. CSO #7	12/28 8:30	12/28 11:45	J. Cartafalsa 12/28 12:20	The godwin pump used to maintain the levels on the interceptor was frozen, which led to CSO #7 bypassing.

2018 Master SSO Report					
Area	Address	Discharge Observed	Discharged Stopped	Reported By	Notes
West	Edgemont Ave. Parkside	1/8 2:30	1/8 4:00	M. Warholic 1/8 4:15	There was an undetermined main line blockage which was broken using the vector. Continuation of our maintenance and cleaning program will help prevent further issue.
West	WRTP	1/12 12:00	1/12 15:15	M. DiSantis 1/12 14:00	Heavy rains caused high flows causing tanks T-1 and T-2 to overflow.
West	Taylor Arboretum	1/12 N/A	1/12 N/A	M. Warholic 1/15 10:45	It is believed that the heavy rain event on 1/12 caused the manhole to overflow.
West	Park Valley Ln. Parkside	1/12 13:00	1/12 14:00	J. Cartafalsa 1/12 14:19	Heavy rain in a short span caused a bottleneck backing up flow.
West	CSO's 4,5,7	1/14 8:00	1/14 11:00	J. Cartafalsa 1/14 11:01	A breakdown of the rake on the influent bar screen was the cause of the CSO bypass.

					The flow was bypassed while repairs were made.
West	WRTP	1/20 19:25	1/20 19:45	P. Bostick 1/20 20:00	A pump failure caused the gravity line to back up, which caused an overflow on three manholes along the line.
West	WRTP	2/11 12:30	2/11 15:30	P. Bostick 2/11 16:30	Heavy rains caused high flows causing T-1 and T-2 to overflow
West	2757 Bethel Rd. Manholes 1771 & 1779	2/25 16:30	2/25 17:30	J. Cartafalsa 2/25 17:55	Grease and rags were removed which ended the overflow.
West	CSO #007	3/9 13:00	3/9 20:00	M. Warholc 3/9 13:55	Post storm/snow melt caused heavy flows to the CSO. Seaport pump running at full capacity
West	WRTP	3/10 11:45	3/10 12:30	P. Bostick 3/10 14:30	Grease blockage in gravity line to PRF PS caused overflow. Line was jetted and cleaned, ending overflow.
West	CSO #007	3/23 8:00	3/23 13:00	M. Warholc 3/23 9:09	Post storm/snow melt caused heavy flows to the CSO. Seaport pump running at full capacity
West	Tyler Arboretum Manholes #2875 and #2897	4/16 N/A	4/16 11:00	M. DiSantis	Heavy rain in a short span caused a bottleneck backing up flow.
West	WRTP	4/16 8:15	4/16 15:30	M. DiSantis 4/16 8:55	Heavy rains caused heavy flows in excess of 100 MGD.
West	CSO #007	4/17 12:00	4/18 11:00	M. Warholc 4/17 12:00	The interceptor did not recover from heavy rains that caused an extended drainage time.
West	CSO #20	5/24 9:51	5/24 0:37	M. Warholc 5/24 0:35	A blockage in the crossover line caused a minimal overflow.
West	WRTP	6/11 18:32	6/11 19:15	T. Czwalina 6/11 19:00	Blockage in gravity line to PRF PS caused overflow. Line was jetted and cleaned, ending overflow.
West	WRTP	6/29 7:30	6/29 7:31	P. Bostick 6/29	A pump failure causing the PRF level to rise led to an overflow from the T-27 manhole and grease lakeside drain.
West	WRTP	7/11 20:15	7/11 22:15	T. Czwalina 7/11	A blockage in the PRF line caused an overflow from the manhole's outside T-12 and T-27
West	WRTP	7/16 15:10	7/16 15:20	T. Czwalina 7/16 16:01	A temporary sludge pump discharge line worked its

					way out of a tank causing a spill.
West	WRTP	8/5 4:20	8/5 4:30	P. Bostick 8/5 5:00	A failure of the back up pump on the PRF caused a minor spill from the manhole located by T-27.
West	CSO #007	8/6 13:45	8/6 14:35	M. Warholc 8/6 13:50	A malfunction of the pump on the Seaport Relief line caused a minor discharge out of the CSO outfall.
West	4th & Melrose ARV	9/14 11:00	9/14 12:15	M. Warholc 9/14 11:24	An error in the operation of servicing an air relief caused the overflow.
West	19,21,23 Cedar St. Marcus Hook	10/22 9:25	10/22 10:30	J. Cartafalsa 10/22 11:05	While breaking a blockage in a surcharged line the pressure from the jetter truck caused sewage to come out of the private lateral vents.
West	Intersection of Price & Post Rd. Pipeline Segment #4115	11/12 8:30	11/12 10:00	M. Warholc 11/12 9:35	Heavy grease caused a blockage in the main. We will continue with O&M plan of cleaning and televising.
West	Beech St. Pump Station	11/13 7:49	11/13 7:53	P. Bostick 11/13 11:33	Heavy rains caused an overflow from the station.
West	Taylor Arboretum	11/26 N/A	11/26 N/A	M. Warholc 11/16 10:30	DELCORA received a call from Arboretum staff of a suspected overflow from manholes during a heavy rain event.
West	WRTP	11/29 8:30	11/29 8:33	P. Bostick 11/29 15:30	A malfunction of the level sensor for the tank during transfer caused an overflow.
West	West 9th St. Trainer Borough	12/20 11:37	12/20 12:00	J. Cartafalsa 12/20 11:48	Heavy grease caused a blockage in the main. We will continue with O&M plan of cleaning and televising.
West	Taylor Arboretum	12/28 N/A	12/28 N/A	J. Cartafalsa 12/28 13:10	Excess rainfall caused water to overflow from the bolt holes on the manhole.
East	Central Delaware County Pump Station	1/12 14:40	1/12 14:58	P. Henry 1/12 16:40	Heavy rains caused high flows causing a bypass
East	Central Delaware County Pump Station	2/7 18:04	2/7 19:20		Overflow occurred during a rain event, but was caused by recent changes made to the pump control system
East	Muck PS	3/2 20:10	3/2 20:23	P. Bostick 3/2 20:34	Power outage to the station caused a disruption to the programming operation of the station.

East	Central Delaware County Pump Station	4/16 8:50	4/16 11:00	M. DiSantis 4/16 8:55	High flows caused by heavy rain. All pumps were in service during bypass.
East	Central Delaware County Pump Station	8/13 9:49	8/13 12:05	T. Czwalina 8/13 11:39	High flows caused by heavy rain started the third pump until the motorized discharge valve failed leading to a pump failure and bypass.
East	Muck PS	11/24 22:21	11/25 0:40	P. Bostick 11/25 3:15	Heavy rain caused high flows to the station causing a bypass. All pumps were in service at the time of the bypass.
East	Central Delaware County Pump Station	11/24 21:30	11/24 1:18	P. Bostick 11/25 3:15	Heavy rain caused high flows to the station causing a bypass. All pumps were in service at the time of the bypass.
East	Muck PS	12/28 11:16	12/28 13:08	P. Bostick 12/28 16:45	All pumps were in service at the time of the overflow. Excess flow to the station caused the overflow.
West	500 W. Brookhaven Rd. Rose Valley	1/3 0:00	1/3 0:45	J. Cartafalsa 1/3 9:00	A rag blockage at the mouth of the pipe caused the back-up. Continuation with our maintenance and cleaning will help prevent further issues.
West	Rose Valley Treatment Plant	1/12 N/A	1/12 N/A	S. Gober 1/15 10:00	It is believed that the heavy rain event on 1/12 caused the overflow from the tank at the plant.
West	Rose Valley Pump Station Long Point Ln.	11/9 16:30	11/9 17:30	P. Bostick 11/13 11:33	Excessive rainfall and a VFD failure caused the SSO.
West	Rose Valley Pump Station Long Point Ln.	11/13 8:00	11/13 8:10	P. Bostick 11/13 11:33	Excessive rainfall and a check valve failure caused an SSO at the station.
West	Rose Valley Pump Station Long Point Ln.	11/24 7:48	11/24 8:03	M. DiSantis 11/29 15:30	Excessive rainfall caused an SSO at the station.
West	Rose Valley Pump Station Long Point Ln.	12/28 10:20	12/28 10:45	P. Bostick 12/28 16:45	Excessive rainfall and the operation of the third pump at Old Mill PS momentarily overwhelmed the station.

2019 Master SSO Report					
Area	Address	Discharge Observed	Discharged Stopped	Reported By	Notes
West	CSO # 5,7 Townsend & Reaney St.	1/2 12:45	1/2 0:00	J. Cartafalsa 1/2 12:55	Heavy rain and a pump failure at Stadium pump station caused a bypass.

West	WRTP	1/9 10:35	1/9 10:36	P. Bostick 1/9 15:27	Temporary bypass piping outside of EPS-1 was compromised causing the overflow.
West	Beech St. PS	1/24 15:40	1/24 16:08	P. Henry 1/25 8:01	Heavy rain caused the station to bypass.
West	Taylor Arboretum off of Chestnut St.	1/25 N/A	1/25 N/A	M. Warholic 1/25 10:05	Heavy flow was caused by rain, overflow stopped when rain ended.
West	3501 W. 13th St. Trainer Borough MH #3343	2/12 N/A	2/12 10:30	J. Cartafalsa 2/12 18:54	A root blockage in the line caused the overflow.
West	WRTP	4/4 16:30	4/4 16:45	P. Bostick 4/4 18:10	An air release valve came loose due to vibration on bypass pumping causing the SSO.
West	WRTP	4/7 N/A	4/7 14:40	T. Czwalina 4/7 14:52	A crack in the saddle of bypass pumping caused the overflow.
West	Beech St. PS	5/8 4:15	5/8 6:00	D. Voshelle 5/8 4:27	Excessive rainfall caused the station to bypass. All pumps were in service during the event.
West	CSO #4 Hayes St.	7/15 N/A	7/15 7:15	B. Frick 7/15 8:44	A possible obstruction at cross-over caused the CSO to bypass.
West	Taylor Arboretum off of Chestnut St.	7/17 N/A	7/17 N/A	M. Warholic 7/18 9:30	Heavy flow was caused by rain, overflow stopped when rain ended.
West	WRTP T-12 Drain Line	7/31 9:45	7/31 9:50	P. Bostick 7/31 12:00	Staff was working on clearing a blockage from the drain line when the blockage broke releasing some of the content.
West	WRTP T-1 Grit Tank	8/5 13:19	8/5 14:00	D. Voshelle 8/6 18:19	SSO was caused by a fine screen malfunction. This was stopped by placing T-2 back online.
West	CSO #7 Reaney St.	12/13 7:30	12/13 10:05	B. Frick 12/13 9:00	SSO was caused by a clogged pump and a faulty discharge hose.
East	Central PS	1/24 13:37	1/24 15:30	P. Henry 1/25 8:01	Heavy rainfall caused the station to bypass.
East	Muckinipates Force Main near 517 E. Winona Ave.	4/10 N/A	4/10 18:00	M. DiSantis 4/10 15:00	A failure of the concrete patch on the force main caused a leak.
East	Central PS	6/20 2:25	6/20 5:00	P. Henry 6/20 6:35	Heavy rainfall caused the station to bypass.

East	Muckinipates Pumping Station	7/6 22:10	7/6 23:05	P. Bostick 7/6 1:30	Excessive rainfall caused the overflow. All pumps were in service during the event.
East	Central PS	8/7 18:20	8/7 19:57	M. Reed 8/8 5:09	Excessive rainfall caused the overflow. All pumps were in service during the event.
East	Central PS	8/8 12:15	8/8 13:05	P. Henry 8/8 16:05	Accidental closing of both sluice gates closed by personnel
East	Matin Ln. PS	12/9 17:40	12/9 20:00	M. DiSantis 12/11 8:40	Excessive rainfall caused the overflow. All pumps were in service during the event.
West	Old Mill PS	1/24 13:10	1/24 15:30	P. Henry 1/25 8:01	Heavy flow caused by excessive rain caused the station to bypass.
West	Rose Valley PS	1/24 10:40	1/24 11:10	P. Henry 1/25 8:01	Heavy flow caused by excessive rain caused the station to bypass. Note there were two other starts and finishes at: 13:04 ending at 15:06 and 15:16 ending at 15:28.
West	67 Rose Valley Rd.	1/29 N/A	1/29 N/A	J. Cartafalsa 1/29 15:05	A broken private lateral resulted in sewage bubbling up from the grass.
West	21 South Longpoint Ln. Roser Valley ARV-138	4/23 N/A	4/23 23:15	R. Frick 4/24 11:11	SSO was caused by a leaking air release valve.
West	Rose Valley Pump Station 18 N. Longpoint Ln.	6/13 20:45	6/13 23:15	M. DiSantis 6/14 8:15	Excessive rainfall and the operation of a third pump at Old Mill PS momentarily overwhelmed the Rose Valley PS.
West	Rose Valley Pump Station 18 N. Longpoint Ln.	6/20 1:55	6/20 4:08	P. Henry 6/20 6:25	Excessive rainfall and the operation of a third pump at Old Mill PS momentarily overwhelmed the Rose Valley PS.
West	Rose Valley Pump Station 18 N. Longpoint Ln.	7/11 19:30	7/11 20:25	M. Reed 7/11 3:20	Excessive rainfall and the operation of a third pump at Old Mill PS momentarily overwhelmed the Rose Valley PS.
West	Rose Valley Pump Station 18 N. Longpoint Ln.	8/8 17:30	8/8 19:47	M. Reed 8/8 5:09	Excessive rainfall and the operation of a third pump at Old Mill PS momentarily overwhelmed the Rose Valley PS
West	Pool Ln MH #4543	9/17 7:30	9/17 8:20	M. Warholic 9/17 7:55	Undetermined main line blockage that was cleared with jet truck
West	6 Chestnut Ln.	11/27 N/A	11/27 17:30	R. Frick 11/27 17:30	Obstruction in the sewer main caused overflow.

					Overflow ended when blockage was broken.
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Schedule 4.14

Authorizations, Licenses and Permits

537 Plan:

- City and County of Philadelphia, Act 537 Plan, Volumes 1 and 2, prepared by BCM Engineers, Inc. dated March 1993, as revised May 1993 and supplemented by letter dated June 30, 1993.
- Approval of Act 537 Sewage Facilities Plan Revision, Rerate of the Western Regional Treatment Plant by the Pennsylvania Department of Environmental Protection, dated February 3, 2009

<u>Permits</u>					
Type of Permit	Issuer	Permit Number	Permitee	Project/Facility	Expiration Date
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	Permit No. 1507415	DELCORA	Corinne Village WWTF	April 30, 2023
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	Permit No. 2316401	DELCORA	DELCORA Sewer System & STP	Not listed
WQG-02 Water Quality Management General Permit for Sewer Extensions and Pump Stations	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Standards and Facility Regulation	Permit No. WQG02231419	DELCORA	Crum Creek Sewer Project, Edgmont Township, Delaware County	Not listed
WQG-02 Water Quality Management General Permit for Sewer Extensions and Pump Stations	Commonwealth of Pennsylvania, Department of Environmental Protection,	Permit No. WQG02231810 T-1	DELCORA	DELCORA Edgmont Country Club	March 13, 2021

	Bureau of Clean Water				
Authorization to Discharge Under the National Pollutant Discharge Elimination System Discharge Requirements for Publicly Owned Treatment Works (POTWs) (as amended by Amendment 1 issued on December 17, 2013 and Amendment 2 issued on July 18, 2017)	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Standards and Facility Regulation	NPDES Permit No. PA0027103	DELCORA	DELCORA STP Facility to the Delaware River Estuary Zone 4 in Watershed(s) 3-G	April 30, 2018 Renewal application submitted on October 31, 2017. Operating under a permit shield
WQG-02 Water Quality Management General Permit for Sewer Extensions and Pump Stations	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Standards and Facility Regulation	Permit No. WQG02231301	DELCORA	DELCORA Sewer System & STP, Chester City, Delaware County	Not listed
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Supply and Wastewater Management	Permit No. 2312401	DELCORA	Rose Valley Borough STP	Not listed
Authorization to Discharge Under the National Pollutant Discharge Elimination System Discharge Requirements for Publicly Owned Treatment Works (POTWs)	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	NPDES Permit No. PA0020575	DELCORA	Rose Valley Borough STP facility to Ridley Creek in Watershed(s) 3-G	January 31, 2020 (terminated September 2018)

Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	Permit No. 1505419	DELCORA	Sheeder Tract Wastewater Treatment Plant	Not listed.
Authorization to Discharge Under the National Pollutant Discharge Elimination System Discharge Requirements for Non-Municipal Sewage Treatment Works	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	NPDES Permit No. PA0052230	Spring Hill Farm WWTF Association	Spring Hill Farm STP facility to Unnamed Tributary to Webb Creek in Watershed(s) 3-G	December 31, 2020
Clean Water Act Section 404 State Programmatic General Permit	Pennsylvania Department of Environmental Protection	State Authorization GP052318316	DELCORA	Ship Creek and I-95	Not listed
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Supply and Wastewater Management	Permit No. 2302406	DELCORA	Sharon Hill Borough, Delaware County	Not listed
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Supply and Wastewater Management	Permit No. 2311402	DELCORA	Western Regional STP, Chester City	Not listed
Water Quality Management Permit (as amended by Amendment No. A-1 issued December 27, 2017)	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Supply and	Permit No. 2309408	DELCORA	DELCORA Western Regional WWTP, Chester City	December 27, 2019

	Wastewater Management				
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	Permit No. 2318401	DELCORA	DELCORA Sewer System & STP	April 24, 2020
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Resources, Bureau of Water Quality Management	Permit No. 2374402	DELCORA	Chester Creek Drainage Area, Eddystone Borough, Ridley Creek and Crum Creek Service Area	Not listed
WQG-02 Water Quality Management General Permit for Sewer Extensions and Pump Stations	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Clean Water	Permit No. WQG02231715	DELCORA	Sanitary Sewer along Avenue of the States/ DELCORA Sewer System & STP – Chester City	November 29, 2020
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Point and Non-Point Source Management	Permit No. 2316405	DELCORA	DELCORA Influent Pump Station PIPS-1 – Chester City	January 30, 2019
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Standards and Facility Regulation	Permit No. 2313401	DELCORA	DELCORA Sewer System & STP – Chester – Ridley Creek Pump station	Not listed
WQG-02 Water Quality Management General Permit for Sewer Extensions and Pump Stations	Commonwealth of Pennsylvania, Department of Environmental Protection,	Permit No. WQG02231510	Rose Hill Developers LP	Southwest Delaware County Municipal Authority WWTP; Rose Hill Development Pump Station	Not listed

	Bureau of Water Standards and Facility Regulation				
WQG-02 Water Quality Management General Permit for Sewer Extensions and Pump Stations	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Standards and Facility Regulation	Permit No. WQG02230908	FC Pennsylvania Stadium, LLC	Chester Soccer Stadium Pump Station	Not listed
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Water Supply and Wastewater Management	Permit No. 2309410	FC Pennsylvania Stadium, LLC	Chester Soccer Stadium Pump Station	Not listed
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Resources, Bureau of Water Quality Management	Permit No. 2374403	DELCORA	Marcus Hook Borough, Lower Chichester Township Sun Oil Company, and FMC Corporation	Not listed
Water Quality Management Permit	Commonwealth of Pennsylvania, Department of Environmental Resources	Permit No. 2372406	DELCORA	By-pass from Darby Creek Joint Authority sewage treatment plant to Philadelphia Southwest plant	Not listed
Permit for Solid Waste Disposal and/or Processing Facility Form No. 8	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Waste Management	Permit No. 400246	DELCORA	DELCORA Sludge Incinerator	August 31, 2027
Amended Title V Operating Permit Final Permit Issuance		Permit No. 23-00038	DELCORA	DELCORA Sludge Incinerator	

	Delaware River Basin Commission	Docket No. D-1992-018	DELCORA	DELCORA STP Facility to the Delaware River Estuary Zone 4 in Watershed(s) 3-G	
Storage Tank Registration/Permit Certificate	Commonwealth of Pennsylvania, Department of Environmental Protection, Bureau of Environmental Cleanup and Brownfields	ID # 23-19895	DELCORA	Western Regional Treatment Plant	February 4, 2020
Certificate of Boiler or Pressure Vessel Operation	Commonwealth of Pennsylvania, Department of Labor and Industry	File Number: 13133 Location Number: 00002	DELCORA	Chester Dock Street Pump	December 26, 2020
Certificate of Boiler or Pressure Vessel Operation	Commonwealth of Pennsylvania, Department of Labor and Industry	File Number: 13133 Location Number: 00002	DELCORA	Chester Dock Street Pump	February 28, 2021
Water Quality Permit		2304406	DELCORA	Chester City – PRF Pump Station	
Water Quality Permit		2303403	DELCORA	Sludge Mixing/Pump Upgrade	
Water Quality Permit		2372408	DELCORA	Installation of Submersible Aerators, Removal of Recycle Line from Influent	
Water Quality Permit		2390404	DELCORA	Sludge Dewatering Facilities (WRTP)	
Water Quality Permit		2392403	DELCORA	Dry Ash Handling System	
Water Quality Permit		2393401	DELCORA	Final Clarifier Upgrade (WRTP)	
Water Quality Permit		2399404	DELCORA	Construction/Operation of Sewers & Appurtenances, Pump Station (CDPS and Force Main)	
PADEP Emergency Permit		EP2300320	DELCORA	Hermesprota Creek	
PennDOT Hwy. Emergency Permit		15888	DELCORA	Sellers Ave., Diversion Project (#CD-9911-C-Force Main)	
Water Quality Management Permit		2305406	DELCORA	DCPS Upgrades/Pumps (BCM)	

Water Quality Management Permit		2307402	DELCORA	Trainer Borough-Force Main Collection System	
Water Quality Management Permit		2307402-A1	DELCORA	Amendment #1 to above permit	
PADEP		EP2307334	DELCORA	Chester Park (Ridley Creek) Emergency Permit	
PADEP Water Obstruction & Encroachment		E23-469	DELCORA	PennDOT/Tilghman St. CSO #8	
PADEP Water Quality Management Permit		2308402	DELCORA	Construction of sludge screen, grease screen, and pump modifications to existing facility	
PADEP General Permit		042309302 052309304	DELCORA	Chester Creek Flood Abatement Pilot Project (Upland Borough)	
PADEP		032309301	DELCORA	Chester Pump Station Bulkhead Stabilization Project	
PADEP Water Quality Management Permit		2309406	DELCORA	Chester Riverfront Redevelopment MSL Stadium CSO Relocation	
Fish and Wildlife Permit		11-0003	DELCORA	Eastern Force Main Repair	
DelCo Conservation District Permit		GP0523113015	DELCORA	Eastern Force Main Repair	
CONRAIL		Permit to enter (4 th & Penn)	DELCORA	Contract #SM-1101-CO- Annual SM Repairs	
Delaware County Conservative District		052312319 082312308 032312316	DELCORA	Rose Valley Sanitary Sewer Force Main Replacement Vernon Run	
Delaware County Conservative District		05231303	DELCORA	Chester-Ridley Creek Force Main	
General-Ridley Creek		GP112313301 GP082313301	DELCORA	Siphon Line Repair-Longpoint Treatment Plant	
PADEP Water Quality Management Permit		WQM2313403	DELCORA	Crum Creek Sewer Project – Gradyville, Edgmont Township	
PADEP Water Obstruction & Encroachment Permit		E23-508	DELCORA	Crum Creek Sewer Project – Edgmont Township	

PADEP Water Quality Management Permit		WQM1505419	DELCORA	Pocopson-Sheeder Tract WWTP	April 30, 2020
PADEP Water Quality Management Permit		WQM2316401	DELCORA	Seaport Drive Relief Line	
PADEP NPDES Stormwater Permit /DCCD		PAC230026	DELCORA	Truck & Employee Access Road – 3201 W. Front Street	May 12, 2022
PADEP Water Obstruction & Encroachment Permit		E23-535	DELCORA	Rose Valley Borough STP	December 21, 2019
PADEP Water Quality Management Permit		2316406	DELCORA	Rose Valley PS & FM Project	

<u>Licenses and Authorizations</u>				
Type of License	Issuer	License Number	Permittee	Expiration Date
Part 90 LMR FCC License	Federal License Management – Office of Compliance Administration	FCC Registration Number (FRN) 0009027467	DELCORA	July 21, 2023
Microwave Public Safety Pool License	Federal Communications Commission – Public Safety and Homeland Security Bureau	FRN 0005374475	DELCORA	July 31, 2028
Radio Station Authorization	Federal Communications Commission – Public Safety and Homeland Security Bureau	FRN 0005374475	DELCORA	October 3, 2021
Small UAS Certificate of Registration	Federal Aviation Administration	Serial #: W13DDI22061631 Certificate #: FA3L3HMRPR	DELCORA	November 29, 2019
Small UAS Certificate of Registration	Federal Aviation Administration	Serial #: W13DDI22061631 Certificate #: FA3L3HMRPR	DELCORA	November 29, 2022

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Schedule 4.15

Assigned Contracts

<u>Agreements</u>			
	Name of Contract	Parties to Contract	Date of Contract
1.	Agreement Concerning the Disposition of Wastewater Generated at the Burlington County Resource Recovery Complex	The Burlington County Board of Chosen Freeholders DELCORA	July 11, 2014
2.	Agreement	Central Delaware County Authority Townships of Springfield, Ridley and Nether Providence Boroughs of Swarthmore, Morton, Rutledge, Prospect Park and Ridley Park	September 20, 1938
3.	Agreement	Central Delaware County Authority Townships of Springfield, Ridley and Nether Providence Boroughs of Swarthmore, Morton, Rutledge, Prospect Park and Ridley Park	December 1, 1938
4.	Supplemental Agreement	Central Delaware County Authority Borough of Morton Borough of Prospect Park Borough of Ridley Park Borough of Rutledge Borough of Swarthmore Township of Nether Providence Township of Ridley Township of Springfield	November 26, 1952
5.	Supplemental Agreement	Central Delaware County Authority Borough of Morton Borough of Prospect Park Borough of Ridley Park Borough of Rutledge Borough of Swarthmore Township of Marple Township of Nether Providence Township of Ridley Township of Springfield	August 17, 1960
6.	Supplemental Agreement	Central Delaware County Authority Borough of Morton Borough of Prospect Park Borough of Ridley Park Borough of Rutledge Borough of Swarthmore Township of Edgmont Township of Marple Township of Nether Providence Township of Newtown	December 21, 2007

		Township of Ridley Township of Springfield Township of Upper Providence	
7.	Service Agreement	Central Delaware County Authority DELCORA	December 1, 1973
8.	Amendment to Service Agreement	Central Delaware County Authority DELCORA	April 21, 1981
9.	Amendment to Service Agreement	Central Delaware County Authority DELCORA	March 9, 1999
10.	Agreement	Township of Marple Central Delaware County Authority DELCORA	May 1, 1973
11.	Amendment to Agreement	Township of Marple Central Delaware County Authority DELCORA	March 9, 1999
12.	Agreement	Borough of Morton Central Delaware County Authority DELCORA	May 1, 1973
13.	Amendment to Agreement	Borough of Morton Central Delaware County Authority DELCORA	March 9, 1999
14.	Agreement	Township of Nether Providence Central Delaware County Authority DELCORA	May 1, 1973
15.	Amendment to Agreement	Township of Nether Providence Central Delaware County Authority DELCORA	March 9, 1999
16.	Agreement	Borough of Prospect Park Central Delaware County Authority DELCORA	March 13, 1974
17.	Amendment to Agreement	Borough of Prospect Park Central Delaware County Authority DELCORA	March 9, 1999
18.	Agreement	Borough of Ridley Park Central Delaware County Authority DELCORA	May 1, 1973
19.	Amendment to Agreement	Borough of Ridley Park Central Delaware County Authority DELCORA	March 9, 1999
20.	Agreement	Ridley Township Central Delaware County Authority DELCORA	May 1, 1973
21.	Amendment to Agreement	Ridley Township Central Delaware County Authority DELCORA	March 9, 1999
22.	Agreement	Borough of Rutledge Central Delaware County Authority DELCORA	May 1, 1973
23.	Amendment to Agreement	Borough of Rutledge Central Delaware County Authority DELCORA	March 9, 1999
24.	Agreement	Springfield Township Central Delaware County Authority DELCORA	May 1, 1973

25.	Amendment to Agreement	Springfield Township Central Delaware County Authority DELCORA	March 9, 1999
26.	Agreement	Borough of Swarthmore Central Delaware County Authority DELCORA	May 1, 1973
27.	Amendment to Agreement	Borough of Swarthmore Central Delaware County Authority DELCORA	March 9, 1999
28.	Agreement	Aldan Borough Darby Creek Joint Authority DELCORA	May 1, 1973
29.	Agreement	Clifton Heights Borough Darby Creek Joint Authority DELCORA	May 1, 1973
30.	Agreement	Borough of Collingdale Darby Creek Joint Authority DELCORA	May 1, 1973
31.	Agreement	Colwyn Borough Darby Creek Joint Authority DELCORA	May 1, 1973
32.	Agreement	Borough of Darby Darby Creek Joint Authority DELCORA	May 1, 1973
33.	Agreement	Township of Darby Darby Creek Joint Authority DELCORA Muckinipates Authority	July 14, 1976
34.	Agreement	Folcroft Borough Darby Creek Joint Authority DELCORA	May 1, 1973
35.	Agreement	Glenolden Borough Darby Creek Joint Authority DELCORA	May 1, 1973
36.	Agreement	Borough of Lansdowne Darby Creek Joint Authority DELCORA	May 1, 1973
37.	Agreement	Borough of Sharon Hill Darby Creek Joint Authority DELCORA	May 1, 1973
38.	Agreement	Township of Springfield Darby Creek Joint Authority DELCORA	May 1, 1973
39.	Agreement	Upper Darby Township Darby Creek Joint Authority DELCORA	May 1, 1973
40.	Agreement	Yeadon Borough Darby Creek Joint Authority	May 1, 1973
41.	Management Agreement	DELCORA Darby Creek Joint Authority	December 1, 1973
42.	Amendment to Service Agreement	DELCORA Darby Creek Joint Authority	June 22, 1999
43.	Amendment to Service Agreement	DELCORA Darby Creek Joint Authority	July 7, 1981
44.	Service Agreement	DELCORA	December 1, 1973

		Darby Creek Joint Authority	
45.	Agreement for Contract Operation and Maintenance of Pump Station and Collection System	DELCORA Borough of Folcroft	April 21, 2009
46.	Interjurisdictional Pretreatment Agreement	City of Philadelphia DELCORA	February 20, 1991
47.	Management Agreement	DELCORA Muckinipates Authority	July 1, 1974
48.	Amendment to Service Agreement	DELCORA Muckinipates Authority	May 29, 2001
49.	Amendment to Service Agreement	DELCORA Muckinipates Authority	May 19, 1981
50.	Service Agreement	DELCORA Muckinipates Authority	December 1, 1973
51.	Agreement	Clifton Heights Borough Muckinipates Authority DELCORA	May 1, 1973
52.	Agreement	Folcroft Borough Muckinipates Authority DELCORA	May 1, 1973
53.	Agreement	Glenolden Borough Muckinipates Authority DELCORA	May 1, 1973
54.	Agreement	Norwood Borough Muckinipates Authority DELCORA	May 1, 1973
55.	Agreement	Township of Ridley Muckinipates Authority DELCORA	May 1, 1973
56.	Agreement	Township of Springfield Muckinipates Authority DELCORA	May 1, 1973
57.	Agreement	Upper Darby Township Muckinipates Authority DELCORA	May 1, 1973
58.	Service Agreement	Central Delaware County Authority Township of Newtown	August 12, 2002
59.	Gradyville Road Force Main Connection Agreement	Edgmont Township DELCORA Ashford Land Company, L.L.P. Newtown Township Newtown Township, Delaware County Municipal Authority	2014
60.	Agreement for Contract Operation and Maintenance of Pump Station and Collection System	DELCORA Borough of Norwood	March 1, 2011
61.	Wholesale Wastewater Agreement	City of Philadelphia DELCORA	March 15, 1974
62.	Amendment to Wastewater Service Agreement	City of Philadelphia DELCORA	May 1, 1995
63.	Agreement	City of Philadelphia DELCORA	June 15, 2006

64.	Wastewater Service Agreement	City of Philadelphia DELCORA	July 25, 2011
65.	Wastewater Service Agreement	City of Philadelphia DELCORA	April 1, 2013
66.	PECO Energy Company Agreement for Commercial/Industrial General Service Natural Gas	DELCORA PECO Energy Company	July 26, 2010
67.	Sanitary Sewer Improvements Agreement	DELCORA Brookhaven Acquisition LP	March 2016
68.	Agreement	City of Chester Borough of Brookhaven	September 25, 1964
69.	Agreement of Amendment	DELCORA Borough of Brookhaven	September 3, 2002
70.	Agreement for Contract Operation and Maintenance of Facilities	DELCORA Chadds Ford Township Sewer Authority	November 24, 2014
71.	Addendum to the Agreement for Contract Operation and Maintenance of Facilities	DELCORA Chadds Ford Township Sewer Authority	May 31, 2019
72.	Agreement of Sale and Service	Township of Chester; Chester Township Sewer Authority; DELCORA	December 1, 1983
73.	Sewage Disposal Agreement and Amendment and Supplement to Sewage Disposal Agreement	Chester Township Chester City	September 6, 1956; December 1, 1960
74.	Agreement Between DELCORA and ConocoPhillips Company	ConocoPhillips DELCORA	February 23, 2006
75.	Right of Way Agreement	ConocoPhillips DELCORA	November 19, 2008
76.	Consolidated Rail Corporation License Agreement for Waste Water Pipe Occupation	Consolidated Rail Corporation (Conrail), DELCORA	May 12, 2009
77.	Contribution Agreement	Delaware County DELCORA	October 1, 1973
78.	Service Agreement	Borough of Eddystone, DELCORA	June 21, 1988
79.	Amendment to Agreement of Sale and Service	Borough of Eddystone, DELCORA	December 18, 1990
80.	Amendment to Service and Sale Agreement	Borough of Eddystone, DELCORA	March 4, 1991
81.	Agreement	Edgmont Township, DELCORA	October 17, 2012
82.	Bill of Sale and Transfer of Ownership of Sewer Line Segment Along and Within State Route 252	Ashford Land Company LP and Newtown Township, Delaware County, Municipal Authority	February 1, 2016
83.	Sewer Operation and Maintenance Agreement	City of Chester, Chester Downs and Marina LLC, DELCORA	August 11, 2005
84.	Agreement	Township of Lower Chichester DECLORA	April 12, 1977
85.	Agreement of Sale and Service	Borough of Marcus Hook, DELCORA	January 1, 2011
86.	Right of Way Agreement	Marcus Hook Borough DELCORA	January 1, 2011

87.	Special Warranty Deed	Marcus Hook Borough DELCORA	January 4, 2011
88.	Agreement	Middletown Township, Delaware County, Sewer Authority, DELCORA	March 15, 2010
89.	Amendment to Agreement of Sale and Service	Middletown Township, Delaware County, Sewer Authority, DELCORA	January 1, 2014
90.	Intermunicipal Agreement	Middletown Township, Delaware County, Sewer Authority, DELCORA	November 2, 2017
91.	Memorandum of Understanding	Middletown Township Sewer Authority, DELCORA	June 16, 2009
92.	Agreement of Sale and Service	Borough of Parkside DELCORA	January 1, 1975
93.	Amendment to Agreement of Sale and Service	Borough of Parkside DELCORA	March 20, 1985
94.	Contract for Electric Service (Rate HT)	PECO Energy Company DELCORA	August 19, 2009
95.	Asset Purchase Agreement for Acquisition of Sanitary Sewer System	Pocopson Township, DELCORA	March 1, 2010
96.	Assignment of Grant of Easement	DELCORA, Pocopson Township	March 1, 2010
97.	Right of Way Agreement	DELCORA, Rivertown Developers, LP	2002
98.	Sanitary Sewer Agreement for the Vernon Run Outfall Sewer	Borough of Rose Valley and Township of Nether Providence	1989
99.	Assignment and Assumption Agreement	Borough of Rose Valley, DELCORA	June 29, 2009
100.	Agreement of Brookhaven Road Pumping Station	Borough of Rose Valley and Township of Nether Providence	February 9, 1967
101.	Agreement	Borough of Rose Valley and Township of Nether Providence	October 12, 1960
102.	Assignment of Easements	Borough of Rose Valley DELCORA	June 29, 2009
103.	Agreement	Borough of Rose Valley City of Chester	May 3, 1966
104.	Asset Sale and Purchase Agreement	Borough of Rose Valley DELCORA	June 29, 2009
105.	Agreement for Conveyance and Treatment of Industrial Wastewaters in Western Regional System	Scott Paper Company, DELCORA	December 1, 1973
106.	Agreement of Sale and Service	Southern Delaware County Authority, DELCORA	February 12, 2001
107.	Amendment to Agreement of Sale and Service	Southern Delaware County Authority, DELCORA	October 16, 2012
108.	Agreement for Contract Operation and Maintenance of Facilities	Southern Delaware County Authority, DELCORA	January 31, 2014
109.	Agreement of Sale	Southwest Delaware County Municipal Authority, DELCORA	September 28, 2016
110.	DELCORA-Southwest Delaware County Municipal Authority Agreement of Service	Southwest Delaware County Municipal Authority, DELCORA	December 21, 2009

111.	Amendment to Agreement	Southwest Delaware County Municipal Authority, DELCORA	December 17, 2013
112.	Correction Cross-Easement Agreement	Southwest Delaware County Municipal Authority, DELCORA	June 26, 2017
113.	Correction Special Warranty Deed	Southwest Delaware County Municipal Authority, DELCORA	June 26, 2017
114.	Global Agreement	Middletown Township, Delaware County Sewer Authority, Southwest Delaware County Municipal Authority and Board of Commissioners of Aston Township	February 25, 2013
115.	Agreement for Contract Operation and Maintenance of Facilities	Springhill Farm Wastewater Treatment Facility Association, DELCORA	January 27, 2009
116.	Amendment to Agreement for Contract Operation and Maintenance	Springhill Wastewater Treatment Facility Association, DELCORA	January 1, 2013
117.	Agreement for Contract Operation and Maintenance of Facilities	Springhill Farm Wastewater Treatment Facility Association, DELCORA	December 5, 2014
118.	Facility Association Agreement of Service	Springhill Farm Wastewater Treatment Facility Association, DELCORA	October 11, 2018
119.	Agreement of Sale and Service	City of Chester, Chester Sewer Authority, DELCORA	February 12, 1973; Amended January 21, 2986
120.	Management Agreement Regarding Sewer Facilities	Pocopson Township, DELCORA	October 1, 2015
121.	First Amendment to Agreement of Service	Springhill Farm Wastewater Treatment Facility Association	February 19, 2019
122.	Assignment and Assumption Agreement	Springhill Farm Wastewater Treatment Facility Association, DELCORA	February 19, 2019
123.	Ground Lease Agreement	Springhill Farm Wastewater Treatment Facility Association, DELCORA	February 19, 2019
124.	Easement Agreement	Springhill Farm Condominium Association, DELCORA	February 19, 2019
125.	License Agreement	DELCORA Sunoco Inc	November 29, 2005
126.	Agreement of Sales Service	DELCORA Sunoco, Inc. (R&M)	January 1, 2005
127.	Amended Agreement of Sale and Service	Sunoco, Inc. (R&M) DELCORA	March 23, 2012
128.	Second Amended Agreement of Sale and Service	Sunoco, Inc. (R&M) DELCORA	January 1, 2013
129.	Third Amended Agreement of Sale and Service	Sunoco Partners Marketing & Terminals LP DELCORA	August 1, 2018
130.	Memorandum of Understanding	Sunoco Partners Marketing & Terminals LP, DELCORA	July 28, 2016
131.	Agreement	Sunoco Partners Marketing & Terminals LP, DELCORA	December 16, 2014
132.	Agreement Containing an Easement to Permit DELCORA to Operate and Maintain Sewage Facilities upon the Lands of Southwest	Southwest Delaware County Municipal Authority, DELCORA	October 15, 2012

133.	Agreement	Southwest Delaware County Municipal Authority and Richard G. Kelly	August 29, 1960
134.	Agreement for Contract Operation and Maintenance of Facilities	Thornbury Township DELCORA	December 16, 2008
135.	Agreement for Contract Operation and Maintenance of Facilities	Thornbury Township DELCORA	December 10, 2014
136.	Tower License Agreement	Communications Management Company, Inc., DELCORA	August 14, 2006
137.	Agreement of Sale and Service	Borough of Trainer DELCORA	August 9, 2005
138.	Service Agreement	Borough of Trainer DELCORA	April 15, 1986
139.	Agreement of Sale and Service	Borough of Upland DELCORA	July 22, 1975
140.	Amendment to Agreement of Sale and Service	Borough of Upland DELCORA	January 18, 1983
141.	Amendment to Agreement of Sale	Borough of Upland DELCORA	December 21, 1983
142.	Amendment to Agreement of Sale	Borough of Upland DELCORA	February 12, 1985
143.	National Railroad Passenger Corporation License Agreement	National Railroad Passenger Corporation DELCORA	January 10, 2000
144.	National Railroad Passenger Corporation License Agreement	National Railroad Passenger Corporation DELCORA	April 3, 2000
145.	Facilities Easement	DELCORA City of Chester	November 26, 2014
146.	Agreement	DELCORA Community Action Agency of Delaware County, Inc.	December 11, 2018
147.	Sanitary Sewer Easement Right of Way Agreement	DELCORA Crozer Hills Homeownership LLC	November 16, 2006
148.	Agreement	DELCORA CSL Services Inc.	June 25, 2018
149.	Coalition Participation Agreement	DELCORA	March 21, 2001
150.	Agreement Concerning the Disposition of Wastewater Generated at the Delaware County Solid Waste Authority	DELCORA Delaware County Solid Waste Authority	January 25, 2016
151.	Pennsylvania Mutual Aid Agreement for Water/Wastewater Providers	Pennsylvania Water/Wastewater Agency Response Network DELCORA	2007 Amended and Restated Version
152.	Master Services Agreement	Paymentus DELCORA	July 22, 2014
153.	BMO EPurchasing Solutions Corporate MasterCard Program Member Account Agreement	DELCORA Bank of Montreal	September 10, 2008
154.	Merchant Service Agreement	TD Bank DELCORA	March 28, 2011

155.	Cash Management Master Agreement	DELCORA TD Bank	February 18, 2011
156.	Proposal for System Software	Tyler Technologies DELCORA	Accepted by DELCORA on May 16, 2018
157.	Non-Disclosure Agreement	Weston Solutions Inc DELCORA	April 14, 2014
158.	Amendment to Service Agreement	Central Delaware County Authority, DELCORA	December 11, 2019
159.	Amendment to Service Agreement	Darby Creek Joint Authority, DELCORA	December 16, 2019
160.	Amendment to Service Agreement	Muckinipates Authority, DELCORA	October 22, 2019
161.	Amendment to Sale Service Agreement	Southern Delaware County Authority DELCORA	January 22, 2020
162.	Amendment to Service Agreement	Middletown Township Sewer Authority DELCORA	February 12, 2020
163.	National Railroad Passenger Corporation License Agreement	National Railroad Passenger Corporation DELCORA	Undated

Schedule 4.16

Litigation

DELCORA is currently party to a personal injury case captioned *Rodney Hodges v. Delaware County Regional River Authority* (No. 2017-010315), in the Court of Common Pleas of Delaware County. DELCORA filed an answer to the Plaintiff's complaint on September 18, 2018. No further action has been taken on this case. Travelers Indemnity Company has acknowledged receipt of the lawsuit and has agreed to participate in the defense of DELCORA.

Schedule 4.17(a)

Exception to Title to Acquired Assets

None

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Schedule 4.17(b)

Sufficiency

With respect to any matter addressed in Article VI of the Asset Purchase Agreement, including, but not limited to Section 6.06, the parties agree that Buyer's sole recourse shall be the Escrow Fund.

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Schedule 5.04

Buyer Consents and Approvals

1. Pennsylvania Public Utility Commission (the “PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment and Amendment to Sewage Treatment Agreements and Related Amendments
3. Pennsylvania Department of Environmental Protection (the “PaDEP”) Approval of Sanitary Sewer Collection and Conveyance System Act 537 Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. PaDEP transfer of all NPDES and WQM Permits

Schedule 5.11

Buyer Litigation

None

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Schedule 7.03

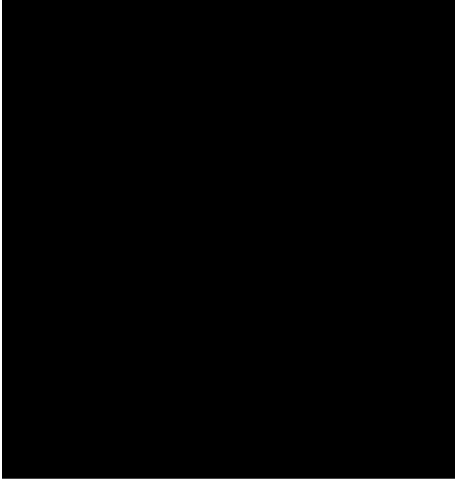
Transferred Personnel

	LAST NAME	FIRST NAME	MI	JOB CLASSIFICATION
1				Helper (WRTP)
2				Bus. Resources Coordinator
3				Mechanic
4				Operator Trainee
5				Crew Chief
6				Mechanic
7				Mechanic
8				Incinerator Operator
9				Instrumentation Foreman
10				Lab Technician
11				Office Manager
12				Foreman (OPS)
13				Lab Technician I
14				Helper (SM)
15				Helper (CM)
16				Helper (SM)
17				WWTP Operator
18				HR Specialist
19				System Support Maintenance Foreman
20				Helper (SM)
21				Mechanic
22				Dir. of Human Resources
23				Helper (CM)
24				Opr. & Maint. Proj. Spec.
25				Process Automation Spec.
26				Exe. Dir. Admin./Proc. Coord.
27				Collections System Spec.
28				Acct. Manager
29				Crew Chief
30				Operations Supervisor
31				Operator Trainee
32				Elec. Instrumentation Tech
33				Secretary
34				Ops. Shift Foreman
35				Helper (WRTP)
36				WWTP Operator
37				WWTP Operator
38				Electrician

39		Mechanic
40		Mechanic
41		Process Automation Spec.
42		Mechanic
43		Dir. of Ops. & Maint.
44		Sr. Project Manager
45		Helper (CM)
46		Truck Waste Rec'g Helper
47		Technical Specialist
48		Mechanic
49		Operator Trainee
50		Helper (SM)
51		Operator Trainee
52		Lab. & Pretreatment Mgr.
53		Sr. Executive Secretary
54		Helper (SM)
55		SM Foreman
56		Operator Trainee
57		Payroll & Cust. Svc. Mgr.
58		Custodian
59		Remote Systems Supervisor
60		Helper (SM)
61		Customer Service Rep. III
62		Elec. Instrumentation Tech
63		Remote Fac. Maint. Foreman
64		Crew Chief
65		Dir. Of Engineering
66		Helper (SM)
67		Customer Service Rep.
68		Mechanic
69		Electrician
70		Incinerator Operator
71		Pretreatment Supervisor
72		Project Scientist
73		Chief Operating Officer
74		WRTP Operator
75		Mechanic
76		Customer Service Rep.
77		Operations Manager
78		Helper (CM)
79		Lab Technician
80		Mechanical Maintenance Foreman
81		Helper (SM)

82		Loss Prevention Manager
83		H/R Admin. Asst.
84		Incinerator Operator
85		Instrumentation Tech.
86		Remote Sys. Operator
87		Truck Waste Rec'g Helper
88		Laborer (SM)
89		Incinerator Operator
90		System Administrator
91		Operator Trainee
92		Maintenance Planner
93		Electrician
94		Crew Chief
95		Dir. of Finance
96		Customer Ser. Rep.
97		Foreman (OPS)
98		Prod. & Inventory Storekeeper
99		Environ. Specialist
100		Sysen Operator (Remote)
101		WWTP Operator
102		Senior Secretary
103		Engineering Technician
104		SM (Helper)
105		Mechanic
106		WWTP Operator
107		Safety Coordinator
108		Project Specialist
109		Pretreatment Tech. I
110		Helper (WRTP)
111		Instrumentation Tech
112		Central Main. & Process Auto. Man.
113		Systems Operator (Remote)
114		Process Group Supervisor
115		Automation Eng. Supervisor
116		Helper (CM)
117		Electrician
118		Helper (WRTP)
119		Helper (WRTP)
120		Helper (WRTP)
121		Helper (WRTP)
122		Ops. Shift Forman
123		Crew Chief
124		Helper (CM)

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Helper (CM)
Mechanic
SM Supervisor
Helper (SM)
Executive Director
Helper (CM)
Operator Trainee
Mechanic
Mechanical Tech. Spec.
Electrician
Accounting Assistant II
Messenger

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Schedule 7.04(a)Rates

Service Area	Rate Per Thousand Gallons	Minimum Billing Per Account
City of Chester	\$5.75	\$107.73
Borough of Upland	\$5.75	\$107.73
Borough of Parkside	\$5.75	\$107.73
Township of Chester	\$5.75	\$107.73
Borough of Trainer	\$5.75	\$107.73
Borough of Marcus Hook	\$8.78	\$147.20
Western Wholesale Class	\$2.87	N/A
EDU Wholesale Class	\$2.89	N/A
Retail Industrial Class*	\$6.93	N/A
Wholesale Industrial Class*	\$3.18	N/A
Eastern Wholesale Class	\$2.71	N/A
Chester Ridley Creek Class	\$3.50	N/A

Service Area	Rate Per EDU	Rate Per Thousand Gallons
Pocopson Riverside	\$950.00	N/A
Pocopson Preserve	\$1,400.00	N/A
Rose Valley Borough	\$972.00	N/A
Edgmont (Residential)	\$1,275.00	N/A
Edgmont (Commercial)	\$1,025.00	\$10.25
Spring Hill Farms		

*The surcharge rate is set at \$0.32/lb of Biochemical Oxygen Demand (BOD) and \$0.285/lb for Suspended Solids (SS), where BOD or SS strength exceeds 300 mg/L on a daily basis.

Schedule 12.01(c)

Contracts

<u>Agreements</u>			
Name of Contract	Parties to Contract	Date of Contract	Subject
Service Agreement	Central Delaware County Authority and DELCORA	December 1, 1973; Amended April 21, 1981; Amended March 9, 1999	Service Agreement
Service Agreement	Darby Creek Joint Authority and DELCORA	December 1, 1973; Amended July 7, 1981; Amended June 22, 1999	Service Agreement
Service Agreement	Muckinipates Authority and DELCORA	December 1, 1973; Amended May 19, 1981; Amended May 29, 2001	Service Agreement
Agreement of Sale and Service	Southern Delaware County Authority and DELCORA	February 12, 2001; Amended October 16, 2012	Service Agreement
Agreement	Middletown Township and DELCORA	March 15, 2010	Agreement for conveyance of wastewater from Middletown Township to DELCORA
Service Agreement	Southwest Delaware County Municipal Authority and DELCORA	December 21, 2009; Amended December 17, 2013	Agreement for Service in SWDCMA service area

FIRST AMENDMENT TO ASSET PURCHASE AGREEMENT

DATED FEBRUARY 24, 2020

THIS FIRST AMENDMENT TO THE ASSET PURCHASE AGREEMENT ("First Amendment") is made as of the 24th day of February, 2020 between the Delaware County Regional Water Quality Control Authority ("DELCORA"), a municipal authority organized and existing under the Pennsylvania Municipal Authorities Act of 1945, and Aqua Pennsylvania Wastewater Inc. ("Aqua"), a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania.

RECITALS:

WHEREAS, Aqua and DELCORA entered into that certain Asset Purchase Agreement dated September 17, 2019 ("APA");

WHEREAS, Aqua and DELCORA desire to amend certain provisions of the APA to become effective upon the date of this First Amendment; and

WHEREAS, the parties hereto desire to reaffirm all other provisions of the APA not specifically amended hereby.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. The last paragraph of Section 2.01 is hereby deleted in its entirety and replaced with the language set forth below. The remainder of Section 2.01 remains unchanged.

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

2. The last full sentence of Section 5.08 is hereby deleted in its entirety.
3. All other provisions, terms, and conditions of the APA not specifically amended by this First Amendment remain in full force and effect. Aqua and DELCORA reaffirm the APA as amended hereby.

[THIS SPACE INTENTIONALLY LEFT BLANK; SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this First Amendment on the date first written above.

AQUA PENNSYLVANIA WASTEWATER,
INC.

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: 

By: _____

Printed: MARC A. LUED

Printed: _____

Its: PRESIDENT

Its: _____

Copying Prohibited

IN WITNESS WHEREOF, the parties hereto have duly executed this First Amendment on the date first written above.

AQUA PENNSYLVANIA WASTEWATER,
INC.

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: _____

By: Robert J. Willert

Printed: _____

Printed: Robert J. Willert

Its: _____

Its: Executive Director

Copying Prohibited

Copying Prohibited

EXHIBIT F

1 right. But again, my expectation is Mr. Walker will be the
2 last witness for today, that we will resume again at 9:00
3 a.m. tomorrow, and I'm hopeful that we will be able to
4 conclude this proceeding tomorrow.

5 If not, the next day is a holiday. The state
6 is not open, and neither will I be. So we will have to
7 decide what we will do as a contingency plan if we realize
8 that we will not have or we need some more time to be on the
9 record.

10 All right. Mr. Niesen, I am sorry for the
11 delay. You may present Mr. Walker.

12 MR. NIESEN: Thank you, Your Honor.

13 If Your Honor pleases, Mr. Walker has two
14 statements of testimony for the record, and I would like to
15 have marked for identification as Aqua Statement No. 8 the
16 direct testimony of Harold Walker III.

17 Mr. Walker's direct testimony was submitted
18 with the application on March 3, 2020 as Application Exhibit
19 X. May it be so identified?

20 JUDGE JONES: It shall be so identified.

21 (Whereupon, the document was marked as Aqua Statement
22 No. 8 for identification.)

23 MR. NIESEN: And if Your Honor pleases, I
24 would like to have marked for identification as Aqua
25 Statement No. 8-R the rebuttal testimony of Harold Walker

1 III. Mr. Walker's rebuttal testimony was distributed to the
2 parties on October 20, 2020. May it be so identified?

3 JUDGE JONES: It shall be so identified.

4 (Whereupon, the document was marked as Aqua Statement
5 No. 8-R for identification.)

6 MR. NIESEN: And I'm ready to proceed with Mr.
7 Walker. Has he been sworn, Your Honor?

8 JUDGE JONES: No, he has not.

9 Mr. Walker, please raise your right hand, sir.
10 Whereupon,

11 HAROLD WALKER III
12 having been duly sworn, testified as follows:

13 JUDGE JONES: Thank you, sir. Please state
14 your full name, spelling your last name for the record.

15 THE WITNESS: Harold Walker III, Walker,
16 W-A-L-K-E-R.

17 JUDGE JONES: By whom are you employed, Mr.
18 Walker?

19 THE WITNESS: I'm employed by Gannett Fleming
20 Valuation and Rate Consultants, LLC, and I'm employed as
21 manager of financial studies.

22 JUDGE JONES: And what do you do as manager of
23 financial studies?

24 THE WITNESS: I provide economic and financial
25 studies involving rate regulated entities, specifically --

1 JUDGE JONES: And what --

2 THE WITNESS: Oh, I'm sorry.

3 JUDGE JONES: I'm sorry. I don't mean to cut
4 you off if you're not finished.

5 THE WITNESS: No, that's fine.

6 JUDGE JONES: And what specifically did you
7 provide regarding this application, sir?

8 THE WITNESS: Gannett Fleming was engaged by
9 Aqua to provide a fair market value appraisal, and Gannett
10 Fleming did so, and I'm sponsoring the appraisal, and I
11 submitted testimony in support of the Gannett Fleming
12 appraisal.

13 JUDGE JONES: Thank you, Mr. Walker.

14 I didn't ask, how long have you been employed
15 by Gannett Fleming?

16 THE WITNESS: About 25 years.

17 JUDGE JONES: Thank you, Mr. Walker. Mr.
18 Niesen, you may continue with your witness, sir.

19 MR. NIESEN: Thank you, Your Honor.

20 DIRECT EXAMINATION

21 BY MR. NIESEN:

22 Q. Mr. Walker, what is your business address, please?

23 A. 1010 Adams Avenue, Audubon, Pennsylvania.

24 Q. And in response to Judge Jones, you explained that
25 Gannett Fleming is the utility valuation expert who prepared

1 a fair market value appraisal that was included with Aqua's
2 application, correct?

3 A. That is correct.

4 Q. And that appraisal is Exhibit Q to the
5 application, correct?

6 A. Yes.

7 Q. Did Gannett Fleming provide any other exhibits
8 that are part of the application?

9 A. Yes. We also provided our agreement and invoices.
10 I believe that's marked as Exhibit S-1, and also a
11 verification statement, and I believe that's Exhibit T-1.
12 BY MR. NIESEN:

13 Q. Do you have any corrections to make to the fair
14 market value appraisal report, Exhibit Q, or to Exhibits S-1
15 and T-1?

16 A. No.

17 Q. Have you prepared a statement of direct testimony
18 for use in this proceeding?

19 A. Yes, I have.

20 Q. Directing your attention to what has been marked
21 for identification as Aqua Statement No. 8, is this the
22 direct testimony that you prepared?

23 A. Yes.

24 Q. Do you have any additions or corrections to make
25 to Aqua Statement No. 8?

1 A. I do not.

2 Q. If I were to ask you the questions set forth in
3 Aqua Statement No. 8, would you give the answers as stated
4 therein?

5 A. Yes, I would.

6 Q. Are those answers true and correct to the best of
7 your knowledge, information and belief?

8 A. Yes, they are.

9 Q. Have you also prepared a statement of rebuttal
10 testimony for use in this proceeding?

11 A. Yes, I have.

12 Q. Directing your attention, Mr. Walker, to what has
13 been marked for identification as Aqua Statement No. 8-R, is
14 this the rebuttal testimony that you prepared?

15 A. Yes, it is.

16 Q. Do you have any additions or corrections that you
17 would like to make to Aqua Statement No. 8-R?

18 A. No, I do not.

19 Q. If I were to ask you the questions set forth in
20 Aqua Statement No. 8-R, would you give the answers as stated
21 therein?

22 A. I would.

23 Q. Are those answers true and correct to the best of
24 your knowledge, information and belief?

25 A. Yes, they are.

1 MR. NIESEN: If Your Honor pleases, I offer
2 into the record Aqua Statement No. 8, the direct testimony
3 of Harold Walker III, and Aqua Statement No. 8-R, the
4 rebuttal testimony of Harold Walker III.

5 JUDGE JONES: Aqua Statement No. 8 and Aqua
6 Statement No. 8-R are admitted subject to any timely motions
7 or objections.

8 (Whereupon, the documents marked as Aqua Statements
9 Nos. 8 and 8-R were received in evidence.)

10 MR. NIESEN: If Your Honor pleases, we have
11 brief rejoinder for Mr. Walker concerning the surrebuttal
12 testimony of Consumer Advocate Witness Smith.

13 BY MR. NIESEN:

14 Q. Mr. Walker, in respect to Mr. Smith's surrebuttal
15 testimony, what response if any do you have to Mr. Smith's
16 statement on page 19 which states, "As I explained above,
17 traditional concepts of cost-based utility regulation
18 indicate that an approach to terminal value for a rate
19 regulated public utility should focus on remaining amount of
20 net plant"?

21 A. Mr. Smith develops his theory regarding terminal
22 value being equal to net plant on pages 12 and 13 of his
23 surrebuttal. And if you look at those pages, pages 12 and
24 13, you'll see that he footnotes six or seven sources.

25 All those sources, at least the ones with dates, are

1 from the 1950s and 1960s, and they relate to either original
2 cost or fair value as the standard of value.

3 Neither fair value nor original cost are the same as
4 fair market value. They are all different standards of
5 value. The standard of value in this proceeding is fair
6 market value, and I explain that concept, and I provide a
7 citation to an authoritative source that provides the
8 various types of valuation standards, on page four of my
9 rebuttal.

10 Because Mr. Smith is mixing standards, I don't believe
11 his approach and recommendation can be relied on, and it's
12 certainly not based on the standard value of fair market
13 value.

14 Q. Now let's go to page 20 of Mr. Smith's
15 surrebuttal. He states, quote, "A supplemental response to
16 Aqua VI-13 has been provided. A copy of the supplemental
17 response is attached to my surrebuttal testimony as Exhibit
18 RCS-9." Do you have any comments regarding this newly
19 provided information shown on Exhibit RCS-9 of Mr. Smith's
20 surrebuttal testimony?

21 A. Well, I do. And this arose from essentially 25
22 adjustments, I'm just giving a little history, 25
23 adjustments that Mr. Smith made to my rebuttal testimony --
24 excuse me, to the market approach.

25 And we requested in discovery the sources for that

1 information for those adjustments, and anyway, in the
2 surrebuttal provided by Mr. Smith, he then provides a
3 documentation of the adjustments.

4 So it's the first time that I've actually been educated
5 as to what these adjustments were. I just knew that there
6 were really 25. I mean, he did discuss them in his
7 testimony but he didn't go into specifics.

8 And if you look at page, I believe it's page two of
9 Exhibit RCS-9, that's Mr. Smith's surrebuttal and that's
10 what I'm going to be referring to.

11 JUDGE JONES: Excuse me, Mr. Walker.

12 THE WITNESS: Yes?

13 JUDGE JONES: I have an administrative matter.
14 I think there is a party that we do not know who you are
15 that is on the line, 734-522-34 and then the last digits are
16 either 20 or 23. If you're on the phone, we have tried to
17 contact you and you have not responded.

18 MS. HOOVER: Your Honor, this is Ms. Hoover.
19 I believe that may be Mr. Smith or one of his colleagues
20 from Larkin & Associates, given the area code. We did
21 provide, I'm hoping, in the numbers we provided to you that
22 they were going to use, that it matches one of those
23 numbers.

24 MR. SMITH: Hello, this is Ralph Smith. OCA
25 asked me to dial in and listen to Mr. Walker's rejoinder, so

1 I dialed in from my office phone number which is the 734
2 area code.

3 JUDGE JONES: Okay. Thank you, Mr. Smith. We
4 do not have that number, Ms. Hoover.

5 MS. HOOVER: I apologize for that, Your Honor.

6 JUDGE JONES: Okay. I am sorry, Mr. Walker.
7 You may continue with your testimony, sir.

8 THE WITNESS: Okay. Thank you. So I am
9 referring to Exhibit RCS-9, page 2 of 6, just for reference.
10 And there are 25 adjustments, and I'm not going to go
11 through all of them, certainly. I'll just make a couple
12 observations.

13 And starting with the first transaction shown,
14 McKeesport, under about the fourth column over, under "Per
15 OCA," customers are shown as 20,000 -- my eyes are getting
16 bad -- 20,320 as the number of customers under OCA. And
17 then they have a citation of where that comes from.

18 And I went into the PUC web site and looked up
19 the docket and I found the number of customers, and
20 specifically if one were to look at page 3, Appendix B of
21 the proposed finding of fact, joint petition for settlement
22 of all issues including statements in support in Docket No.
23 A-2017-2606103, City of McKeesport --

24 JUDGE JONES: I'm sorry, can you say that
25 docket number again? A-2017- --

1 THE WITNESS: 2606103.

2 JUDGE JONES: Thank you.

3 THE WITNESS: Item two, paragraph E -- that's
4 my reference. I don't know if that's how a legal person in
5 the legal profession would refer to it, but I believe it's
6 item two, paragraph E.

7 Anyway, it reads, "As of December 31, 2016,
8 MACM furnishes wastewater services directly to 12,780
9 customers." And that's directly from a settlement.

10 And since I just got this information last
11 week, I really haven't gone through many of the items shown
12 on OCA Exhibit RCS-9, page 2 of 6, but you'll note, in the
13 furthest right hand column under references, all the
14 references just about are OCA testimony.

15 And that's sort of circular. That's sort of
16 like me citing my own testimony. And I would caution use of
17 that information without going to source documents. And I
18 just pointed you specifically to a source document in the
19 McKeesport proceeding.

20 The other thing or item that I would point out
21 is that all or most of the adjustments to the acquired -- to
22 the prices are actually the rate base values determined by
23 the PUC in those proceedings. In other words, they're not
24 actually the prices that were negotiated by the buyer and
25 seller.

1 And there are no authoritative sources which
2 would support the use of PUC ratemaking rate base value in
3 the market approach.

4 Because of the inaccurate information and the
5 circular nature of the sources, I do not believe the
6 Commission can give OCA's recommendation any weight
7 regarding these market approach adjustments.

8 That concludes my rejoinder testimony.

9 MR. NIESEN: Your Honor please, that
10 completes our rejoinder for Mr. Walker, and he's available
11 for cross-examination on his rejoinder and also by Mr.
12 Rubin, representing the municipal protestants.

13 JUDGE JONES: Thank you, Mr. Niesen.

14 Ms. Hoover, Ms. Gannon, Mr. Spataro?

15 MS. HOOVER: Yes, Your Honor. This is Ms.
16 Hoover. OCA probably needs a few minutes to determine if we
17 have any cross on Mr. Walker's oral rejoinder, but in order
18 to keep things moving, we're happy to do that while Mr.
19 Rubin is conducting his cross-examination.

20 JUDGE JONES: Thank you, Ms. Hoover. I think
21 that's an excellent proposition. Mr. Rubin, the witness is
22 ready for your cross-examination, sir.

23 MR. RUBIN: Thank you, Your Honor.

24 CROSS-EXAMINATION

25 BY MR. RUBIN:

1 Q. Good afternoon, Mr. Walker.

2 A. Good afternoon, Mr. Rubin.

3 Q. Exhibit Q to the application is your valuation
4 study, correct?

5 A. Correct. As I explained, it is the Gannett
6 Fleming appraisal and I'm sponsoring it.

7 Q. Yes. Thank you for that. So I guess if we could
8 have Mr. Haggerty put that up?

9 JUDGE JONES: Mr. Haggerty, Exhibit Q should
10 be under application, Aqua application.

11 MR. HAGGERTY: Just a second, Your Honor.

12 JUDGE JONES: Sure. Mr. Rubin, do you have a
13 specific page reference?

14 MR. RUBIN: Yes. In the PDF file, it's page
15 27. The numbering on the page is page 22.

16 JUDGE JONES: Okay.

17 (Pause.)

18 MR. HAGGERTY: I believe I have located it.
19 I'm going to put it up onto the screen and you tell me if
20 this is what we are looking for.

21 JUDGE JONES: Yes. We need page 27 on the
22 PDF. It's actually page 22 printed. Page 22. Thank you,
23 Mr. Haggerty.

24 MR. HAGGERTY: My pleasure, Your Honor.

25 BY MR. RUBIN:

1 Q. And Mr. Walker, toward the bottom of this page and
2 it carries over a little to the top of the next page, you
3 discuss contributed property, correct?

4 A. Yes. I use that as a collective term for all
5 cost-free capital.

6 Q. Yes. And we'll get into that in a minute, I
7 think. At the top of page 23 -- this is the next page of
8 the PDF file --

9 JUDGE JONES: Mr. Haggerty?

10 (Pause.)

11 JUDGE JONES: Thank you.

12 MR. RUBIN: Yes, thank you.

13 BY MR. RUBIN:

14 Q. So at the top of page 23, you state that you did
15 not inquire into the amount of contributed property received
16 by DELCORA because under Section 1329 of the Public Utility
17 Code, and I'll quote your words here, "The original source
18 of funding for any part of the assets of a selling utility
19 is irrelevant to the valuation process." Did I quote that
20 correctly?

21 A. I believe you quoted that correctly.

22 Q. How trying to understand how this affects the
23 actual valuation. Is it correct that the comparable
24 municipal systems you evaluated had approximately 26 percent
25 of their plants paid for by cost-free capital?

1 A. At a point in time, we could identify
2 approximately 26 percent of capital consisting of cost-free
3 capital.

4 Q. And that cost-free capital could be customer
5 contributions, developer contributions or government grants,
6 correct?

7 A. Yes, along with deferred taxes and whatever else
8 is categorized by a Public Utility Commission as a cost-free
9 capital item.

10 Q. To be clear, does that 26 percent figure relate to
11 municipal systems being acquired, or does it relate to the
12 balance sheet of investor-owned utilities?

13 A. The balance sheet of investor-owned utilities.

14 Q. Okay. Do you know what the comparable figure is
15 for municipal systems being acquired?

16 A. I do not.

17 Q. That's not something you investigated?

18 A. No.

19 Q. Now, in your analysis -- I'm sorry. When you
20 compared valuations in other states to the proposed DELCORA
21 transaction, you adjusted the prices or valuations in those
22 states to allow you to compare them to Pennsylvania
23 transactions under Section 1329; is that correct?

24 A. Yes. It's a matter of looking at the earnings
25 capacity of assets and when there are -- if you're looking

1 at a comparable in another state in which the earnings
2 reflect cost-free capital, in order words reduced by the
3 existence of cost-free capital, if you applied those ratios
4 directly to anybody's assets, essentially you would be
5 assuming that the same percentage of cost-free capital or
6 non-earning assets existed in the entity you were analyzing.

7 Q. And if we could turn, well, in the PDF file it's
8 page 35, page number 30?

9 (Pause.)

10 JUDGE JONES: Thank you, Mr. Haggerty.

11 BY MR. RUBIN:

12 Q. Is that adjustment shown on this page?

13 A. It's discussed in one of those on page 30.

14 Q. Okay. Yeah, and I didn't mean the mechanics of it
15 were shown here, but the results of your calculation. And
16 so would you agree, again, without talking about exactly how
17 it was calculated, that the effect of ignoring the source of
18 capital that financed DELCORA's plan increases the market
19 value by approximately \$45 million to \$50 million?

20 A. No.

21 Q. Okay. Well, I'm looking at the last paragraph on
22 this page, and it shows -- I mean, if I understand this
23 right, it shows the original cost new goes from \$356 million
24 to \$403 million, depending on if cost pre-capital is
25 considered. Is that accurate or not?

1 (Pause.)

2 A. I'm squinting reading the screen, and I have the
3 same copy in front of me which -- there you go. All right.
4 Thank you.

5 Q. Maybe I can back up here and reask that question.

6 A. Well, let me explain. All right. So on page 30,
7 there's reference to \$356 million. And that's developed
8 based upon a multiple for a comparison group of investor-
9 owned of 1.35 times their original cost new plant.

10 However, that multiple is reflective of approximately
11 26 percent -- that calculation is in the appraisal but I'm
12 going to use 26 percent as a reference point -- is
13 reflective of their cost-free capital.

14 Because we are valuing assets, we don't care about
15 cost-free capital. We want to throw that out of the
16 equation, because cost-free capital is not assets. Cost-
17 free capital consists of liabilities.

18 We are only interested in providing an appraisal of
19 assets, so we need to pull that cost-free capital, that
20 impact, the impact that has on earnings out of the equation,
21 and we do that as explained on page 30.

22 So when you remove the cost-free capital that's in the
23 multiple of the comparison group, the multiple of 1.35 times
24 then becomes 1.53 times for the comparison group. We apply
25 the comparison group 1.53 times to DELCORA's original cost

1 new value, and it produces a value of \$403.5 million.

2 So that's what we're doing with this process and that's
3 why were adjusting or -- I don't mean to -- I probably
4 shouldn't use the term "adjust." We are valuing assets, so
5 we're only interested in assets.

6 Unfortunately, when we look at market values and market
7 multiples for other entities, those multiples may be tainted
8 based upon the existence of cost-free capital which is a
9 liability, so we need to pull that impact out of the
10 reference point, and that's what we've done here.

11 Q. Okay. Mr. Walker, you told me a few moments ago,
12 you don't know how much of DELCORA's property was funded by
13 cost-free capital, correct?

14 A. That is correct.

15 Q. So what we have here is a comparison or a
16 calculation based on a proxy group of companies, and you're
17 saying that for those companies, if you value the assets
18 with cost-free capital and apply that ratio to DELCORA's
19 property, you get \$356 million, correct?

20 A. Correct, but that would not be the indication of
21 an asset. That would be indication of an asset minus
22 liability. The appraisal is a fair market value of an
23 asset. It is not an appraisal of an asset less liability.

24 Q. Mr. Walker, I understand that, and --

25 A. Okay. All right.

1 Q. I'm not arguing with you.

2 A. All right. Okay. So when you're -- the only way
3 to value an asset is to get the assets on an equal footing,
4 which is why we make this adjustment.

5 We don't care what or if any cost-free capital exists
6 for DELCORA. It is irrelevant, because we are valuing
7 assets, and we would do the same procedure whether we were
8 in Pennsylvania, New Jersey, you name any state. The fair
9 market value of an asset does not include liability.

10 Q. Mr. Walker, do you conduct these valuation studies
11 in other states?

12 A. Yes.

13 Q. Are some of the states in which you conduct those
14 studies states that require the acquiring utility to deduct
15 contributed capital from the rate base?

16 A. Well, now you're talking about two different
17 things. I'm talking about assets and you're talking about
18 rate base. Rate base is a regulatory method of calculating
19 an earnings base.

20 Q. Mr. Walker --

21 A. So --

22 Q. Hold on a second. I'm trying to make this as easy
23 as possible.

24 A. Okay.

25 Q. I'm a simple person, okay? If we're talking fair

1 market value of acquiring a basket of assets that will be
2 included in a utility's rate base, does the treatment of
3 cost-free capital in the rate base affect the fair market
4 value, the amount that a utility would pay to acquire
5 municipal assets?

6 A. The adjustment for cost-free capital is done in
7 the determination of the rate base. It is not done in the
8 determination of the assets. The assets are the beginning
9 point, and then from that you -- as you are quite aware,
10 rate base reflects plant, reflects accumulated depreciation,
11 it reflects some current assets and it reflects some
12 liabilities. That's the entire determination of rate base
13 which is a regulatory mechanism. I am not determining rate
14 base. I am determining assets.

15 Q. Mr. Walker, let me give you a hypothetical
16 situation that maybe can get us some clarity on this. I'll
17 just use very round numbers. Let's assume hypothetically
18 that the fair market value of DELCORA's assets is \$400
19 million. If those assets were being acquired in a state
20 that required the utility to deduct cost-free capital from
21 rate base, would the amount the utility would be willing to
22 pay for those assets be different than if those assets are
23 being acquired in Pennsylvania, where Section 1329 says you
24 do not deduct cost-free capital?

25 A. The amount a buyer would be willing to pay for

1 those assets may differ, but the fair market value
2 determination of those assets would not differ.

3 Q. Okay. So you're distinguishing between fair
4 market value and what a willing buyer and seller -- excuse
5 me, what a willing buyer would pay for those assets,
6 correct?

7 A. No. I'm differentiating between what is -- the
8 process in which asset values are determined versus the
9 process that is involved in negotiating a purchase price.

10 Prime example, DELCORA. We determined a fair market
11 value of approximately \$400 million. The purchase price, as
12 you know, is \$276.5 million. That difference, the
13 difference between that purchase price and our appraised
14 value, I can't tell you what's in there. That was
15 negotiated away.

16 But that is comprised of something. Maybe it's
17 comprised of contributions. Maybe it's comprised of impact
18 on ratepayers. I don't know what that difference is, but
19 there is a difference.

20 So I'm differentiating between this negotiated price
21 versus what we determine. And remember, what we're
22 determining is a generic price. It doesn't matter who the
23 buyer is and it doesn't matter who the seller is. It only
24 depends on the assets.

25 When you look at the specifics of this deal, there's a

1 specific buyer and there's a specific seller, and they have
2 their own unique interests which are not necessarily
3 captured or measured as part of the fair market value
4 determination.

5 The fair market value determination is a broad
6 determination. It's a generic determination that would be
7 suitable for a mixed group of buyers and a mixed group of
8 sellers.

9 Q. Mr. Walker, let's go to a different topic, and I'm
10 going to be looking at page 160 of the PDF file, and just to
11 identify it, it's in Exhibit Q, Exhibit 18, page two. We'll
12 wait a minute for it to come up here.

13 (Pause.)

14 Q. Yes. And it's a little small. There we go,
15 that's helpful. First, let's identify this. These are the
16 comparable transactions in Pennsylvania that you relied on
17 for a portion of your valuation analysis, correct?

18 A. Correct.

19 Q. And the last six transactions -- I'm sorry. I'm
20 looking at the group of transactions at the -- oh, no, I'm
21 sorry. Just to be clear, both the top and bottom tables
22 here show the same transactions. It's just the information
23 is too wide to fit in one set of rows, correct?

24 A. No. The top portion of that page, the metrics or
25 the measurements of the actual transactions are shown. So

1 for example, McKeesport, the top line, the purchased price
2 of \$156 million, they have gross plant of \$91 million, gross
3 PT&E, which is gross plant --

4 Q. Right, but --

5 A. -- okay, and then at the bottom, the bottom
6 section, what is done is the DELCORA metrics are applied to
7 the applied multiples that fall out of the top part of the
8 table. So the bottom part of the table would be the
9 indicated values for DELCORA based upon the metrics from the
10 top part of the table.

11 Q. Thank you for that. All I'm saying is, you have
12 11 transactions here, not 22, correct? You have 11
13 comparables.

14 A. That sounds about right. I didn't count.

15 Q. I think I counted right.

16 A. Yes, yes.

17 Q. If we look at the last six transactions in this
18 list starting with Sadsbury Township and then on down to the
19 bottom, next to them they have the abbreviation C/D. Does
20 that mean they involve only collection or distribution
21 systems with no treatment assets?

22 A. As a generalization, yes. I'm saying as a
23 generalization because a couple of those have some treatment
24 rights assets.

25 Q. Right. But they don't have a treatment plant per

1 se?

2 A. No, unlike the entities at the top with the
3 abbreviation INT. They're what we term integrated systems.
4 That would be treatment as well as collection or
5 distribution if you were talking about a water system.

6 Q. Right. And I wanted to make clear, distribution
7 applies to water systems, collection applies to wastewater
8 systems, correct?

9 A. Correct.

10 Q. So five of these transactions are wastewater
11 collection systems without treatment assets; is that right?

12 A. Correct, with the caveat that there's a couple of
13 them that have some treatment rights. So there's assets
14 associated with those rights. But conceptually, what you're
15 saying is correct.

16 Q. Okay. Would you agree with me or would accept
17 subject to check that the price for the collection-only
18 wastewater systems range from a low of approximately \$3,300
19 per customer in Mahoning Township to a high of approximately
20 \$9,300 in the Sadsbury Township acquisition?

21 A. That sounds about right.

22 Q. And the other three transactions in the wastewater
23 collection transactions are more in the range of about
24 \$4,000 to \$5,000 per customer connection. Would you accept
25 that?

1 A. I think Sadsbury is \$9,200, and then all the other
2 transactions are \$4,000 or below. When I'm saying \$4,000,
3 one might be \$4,900, so I guess that does round to \$5,000,
4 so yeah, yes.

5 Q. As a very general rule of thumb, would you expect
6 transactions for collection-only wastewater systems in
7 Pennsylvania to have a value of about \$4,000 to \$5,000 per
8 customer connection?

9 A. I mean, that's reasonable if the sample was large
10 enough. What we do is, because the sample is so small, we
11 look at integrated and the collection and/or distribution
12 and then we weight the integrated basically one-third and
13 the collection/distribution two-thirds. And that's simply
14 because our sample is so small. But yeah, I mean, what
15 you're saying is certainly within reason.

16 Q. Now, DELCORA owns the collection systems in a few
17 municipalities in its service area, correct?

18 A. Yes.

19 Q. I would like to show you or more accurately have
20 Mr. Haggerty show us Municipal Protestants' Exhibit 10.
21 That's one of the cross-examination exhibits.

22 MR. HAGGERTY: Just a moment while I locate
23 it.

24 JUDGE JONES: Thank you, Mr. Haggerty.

25 MR. HAGGERTY: My pleasure, Your Honor.

1 (Pause.)

2 MR. HAGGERTY: Mr. Rubin, could you say again
3 what the name of that exhibit was?

4 JUDGE JONES: Municipal Protestants Cross-
5 Examination Exhibit folder, and then it will be Exhibit 10?

6 MR. RUBIN: Yes.

7 MR. HAGGERTY: Okay.

8 (Pause.)

9 BY MR. RUBIN:

10 Q. Mr. Walker, this is DELCORA's response to Upland's
11 Set II, No. 1. This shows the ten municipalities in which
12 DELCORA owns the collection system and the number of
13 customers it serves in each system. Did you have access to
14 this type of information when you prepared your valuation
15 study, either in this detail or in some summary form?

16 A. I'm writing down the numbers as you -- am I
17 missing Edgmont?

18 Q. It's on the next page.

19 A. Oh, okay. We had --

20 Q. I'm sorry. There's also a total on the next page,
21 so maybe if you could scroll to that. Yes, that might help.

22 A. My recollection is the customer listing probably
23 said retail-only, and then it had like a number for retail,
24 and then it had some of the industrials and wholesale. So
25 the actual individual retail components, no. We did not

1 have access to that.

2 Q. But you had at least summary level information
3 that told you how many retail customers they're were?

4 A. Yeah, I believe that's shown on Exhibit 2.
5 Retail, I show 14,466, so I don't know what's in the retail
6 -- what differs between the retail number shown in our
7 appraisal versus what you have on the screen, but I would
8 assume it has to do with some classifications differences.

9 JUDGE JONES: Excuse me. Mr. Rubin, the total
10 line on the first box adjacent to the total line, it has,
11 13,1961. I'm sure that's a typo.

12 MR. RUBIN: Yes, Your Honor. Mr. Pileggi
13 sponsored this response, and I was going to ask him about
14 that and authenticate it with him. I had thought he would
15 be on before Mr. Walker, but we'll get it all cleaned up. I
16 believe the last "1" is just a typographical error.

17 JUDGE JONES: Thank you, Mr. Rubin.

18 BY MR. RUBIN:

19 Q. Mr. Walker, as a very rough estimate, would it be
20 fair to say that these retail customers and collection
21 systems that serve them contribute somewhere between \$4,000
22 and \$5,000 per customer to the value of DELCORA?

23 A. It would depend on how you look at it, but that's
24 certainly reasonable.

25 Q. Okay. So if we multiply that by, again,

1 approximately 15,000 customers shown here, the retail
2 service areas would contribute somewhere between maybe \$60
3 million and \$75 million to the value of DELCORA; is that in
4 the right ballpark?

5 A. Yeah, using that methodology. There's other
6 customer multiples that you could probably look at as well,
7 but that gives you a general range. It's certainly not --
8 you know, that's a thousand-foot view, I'll put it that way,
9 okay? So it's a good approximation.

10 Q. All right. Thank you. And believe me, I'm not
11 trying to use this to supplant the detailed analysis you
12 did. I'm just trying to get an order of magnitude kind of
13 number, and I think we have that.

14 Now, in conducting your valuation analysis, did you
15 have access to the contracts DELCORA has with the
16 municipalities in which these retail customers are located?

17 A. I believe we reviewed the -- yes, we reviewed the
18 contracts in this proceeding. We certainly didn't commit
19 them all to memory as there are quite a few of them, but we
20 did review them.

21 Q. Okay. Did anyone at DELCORA or Aqua provide you
22 with any summaries or other information concerning any
23 provisions in these contracts that might affect either the
24 assets to be transferred to Aqua or the value of those
25 assets?

1 A. There's a summary, my recollection is there's a
2 summary in the APA, but that's my recollection. I'm not
3 exactly sure what's in the blocks. The APA is the
4 overriding document or contract which more or less sets the
5 rules for the appraisal, so --

6 Q. So -- I'm sorry. I didn't mean to interrupt you.

7 A. No. So, the asset purchase agreement, the APA
8 essentially determines the rules or the basis of which and
9 how you go about a fair market value determination.

10 Q. Were you aware when you prepared this valuation
11 study that DELCORA may not have the right to transfer some
12 of these collection systems to Aqua?

13 A. Yes. However, the document, the APA, stated all
14 contracts will be delivered, so that's the overriding
15 document that we rely upon.

16 Q. So your valuation is based on the assumption that
17 all of these retail customers will be transferred to Aqua,
18 correct?

19 A. Correct. And that is stated in the first couple
20 pages of the appraisal.

21 Q. And is it also correct that the valuation study is
22 based on the assumption that all of the collection system
23 assets will be transferred to Aqua?

24 A. Yes, assuming those assets are included in the
25 inventory provided by the engineer, yes. I have no reason

1 to doubt that they're not, but I'm just --

2 Q. Okay. And we'll actually get to that in a few
3 minutes --

4 A. Okay.

5 Q. -- to verify that. Hypothetically, if that turns
6 out to be an incorrect assumption, that is some of these
7 retail customers or some collection system assets will not
8 be transferred to Aqua, would that change your valuation?

9 A. No. Our valuation included no hypothetical
10 assumptions, and it is as of a particular valuation date,
11 which was as of December 31, 2019.

12 Q. Mr. Walker, there are, I don't have the number off
13 the top of my head, but something like 150 or 200 contracts
14 listed in one of the schedules to the asset purchase
15 agreement, correct?

16 A. Correct.

17 Q. And you assumed that every one of those contracts
18 would be transferred to Aqua, correct?

19 A. Correct. That's what is stated in the APA.

20 Q. And what I'm asking is, if that turns out to be an
21 incorrect assumption, would your valuation analysis be
22 different?

23 A. There's two parts to your question. One, you're
24 saying that we made an assumption, and we did not make an
25 assumption. In valuation, the APA is the binding document.

1 That sets the rules.

2 So we did not make an assumption. It's stated in the
3 APA. Therefore, it is a fact as far as valuation is
4 concerned. We did a valuation based upon the facts as of
5 December 31, 2019.

6 If you wanted to assume certain assets weren't going to
7 be included, that would be known as a hypothetical
8 exemption, and we would have to document -- or a
9 hypothetical assumption, and we would have to document it as
10 such. And a hypothetical assumption is one which we know is
11 false but would have a -- and may have a material -- and if
12 it were not so, it would have a material impact on our
13 valuation or it may have a material impact on our valuation.

14 Q. Mr. Walker, I was really hoping not to get into
15 the asset purchase agreement with you. Let me see if I can
16 do this in a very summary way. Are you aware that under the
17 asset purchase agreement, there is a provision made for, the
18 terms that's used is non-assignable assets?

19 A. Yes.

20 Q. And is your valuation based on the assumption that
21 there are no non-assignable assets?

22 A. Correct.

23 Q. And if it turns out that there are in fact non-
24 assignable assets, then would your valuation be different?

25 A. If we did a valuation today based upon new facts,

1 we would reach a different conclusion. But we didn't. We
2 did a valuation, what, 10, 11 months ago, based upon the
3 facts then. So today, if we did a valuation, would we come
4 up with a different number? Most likely we would.

5 Q. Mr. Walker, I'm sorry. That's not what I'm asking
6 you. I'm not asking you if you would do something different
7 today. I'm saying, when you did the valuation, you just
8 told me the asset purchase agreement was, I forget the term
9 you used, the bible, if you will. That's your guide. And
10 that guide says there may be non-assignable assets, and
11 here's a provision to deal with that.

12 A. Right.

13 Q. But when you did your valuation, you assumed that
14 there were zero non-assignable assets, correct?

15 A. We assumed all assets were assigned.

16 Q. Okay. So you basically ignored the provision of
17 the asset purchase agreement that says, gee, there may be
18 non-assignable assets and here's what we'll have to do to
19 deal with that?

20 A. The language in the APA is no difference than the
21 language contained in most other APAs. In fact, the
22 language basically lends itself to a remedy to a situation.
23 There's language within your client's contracts or
24 agreements which references items that aren't done at the
25 time that will be done in the future.

1 So apparently it's very common. Of the five contracts,
2 at least three of them contain that language. Now, I --

3 Q. I'm sorry. What language are you talking about?

4 A. I'm talking about the language that something will
5 be done post the signing date. In other words, what's done
6 in the APA is something will be done by closing. We're not
7 at closing. So you have to make certain assumptions as to
8 what will occur by closing, and that's what you're doing.

9 Q. Mr. Walker, I appreciate that explanation, and all
10 I've been trying to do is to understand the assumption you
11 made about what would be done at closing.

12 A. We assume assets will be transferred at closing.
13 We assume all the assets will be transferred at closing.

14 Q. Okay. So regardless of any rights that may exist
15 under the contract, you assumed all of that got resolved
16 before closing and the assets on DELCORA's books are the
17 assets that will go to Aqua?

18 MR. NIESEN: Your Honor please, Mr. Walker
19 can answer it again, but I think the question has been asked
20 and answered more than once, and in fact several times.

21 JUDGE JONES: Actually, Mr. Niesen, I would
22 disagree. I would say that the question has been asked, but
23 Mr. Walker has taken different perceptions or aspects of the
24 question and tried to answer. He has not answered the
25 question head on.

1 THE WITNESS: Would you repeat the question?

2 BY MR. RUBIN:

3 Q. Mr. Walker, in conducting your valuation analysis,
4 did you base the analysis on all of DELCORA's physical
5 assets being transferred to Aqua at closing?

6 A. Yes.

7 Q. Thank you. If we could go back to Exhibit Q --

8 A. I'm sorry, and I don't mean to qualify. All the
9 physical --

10 JUDGE JONES: Yes, you do.

11 THE WITNESS: Well, yes, I do. Okay. All the
12 physical assets that are listed in the engineering
13 assessment.

14 BY MR. RUBIN:

15 Q. Thank you. That's a good qualification. I
16 appreciate that. So Mr. Haggerty, we're going back to
17 Exhibit Q, and when you get there, it will be page 81 of the
18 PDF file.

19 MR. HAGGERTY: Okay. Just a moment.

20 JUDGE JONES: Thank you, Mr. Haggerty.

21 MR. HAGGERTY: My pleasure, Your Honor.

22 Mr. Rubin, could you please repeat the page
23 number?

24 MR. RUBIN: Eighty-one of the PDF file, and
25 just for the record, that's identified as Exhibit 7 within

1 Exhibit Q. And if you could make it a little larger for
2 those of us who are little older? Thank you.

3 BY MR. RUBIN:

4 Q. Can you see that, Mr. Walker, or do you have your
5 own copy?

6 A. That is Schedule -- where are we, hold on -- it
7 looks like Schedule 7 to me.

8 Q. Right. It's identified as Exhibit 7 --

9 A. I'm sorry, yes --

10 Q. -- page one of three.

11 A. -- Exhibit 7, yes. I have it.

12 Q. Okay. And at the bottom of this page, you show a
13 total original cost of the DELCORA assets of approximately
14 \$263.68 million, correct?

15 A. Correct.

16 Q. And that's offset by approximately \$71.91 million
17 of accrued depreciation, correct?

18 A. Correct.

19 Q. Now, if we look at the specific account summaries
20 on this page, which account would contain the assets in the
21 collection system?

22 A. Well, there would be some in 360.21, 361.21,
23 361.23 and then there's probably -- well, I'm going to
24 assume that there's some, although a small amount, in the
25 354.3 account as well as the 371.3 account.

1 Q. And would the collection systems also include
2 Account 363.20, services to customers?

3 A. Oh, I'm sorry, yes, yes, yes.

4 Q. And I don't know if you know what the account
5 right above that is, special collecting structures. Is that
6 within the collection systems or is that separate?

7 A. I believe that's related to the outfall.

8 Q. Okay. So if we take the collection system assets
9 as summarized here, would you accept, subject to check, that
10 the original cost less accrued depreciation is probably,
11 what, in the \$40 million range? Does that sound about
12 right? So roughly 20 to 25 percent of the assets?

13 A. For all collection, or are you talking about your
14 clients?

15 Q. No, for all the collection system assets that
16 DELCORA owns.

17 A. Twenty-five percent?

18 Q. Well, I think I said between 20 and 25 percent.

19 A. Yeah, that's probably close. It's probably close.

20 Q. Okay. Thanks. Again, I'm just looking for a
21 ballpark number. And do you know how much of that property
22 was contributed to DELCORA by customers, developers or
23 municipalities?

24 A. No.

25 Q. Do you know how much of that property is

1 associated with communities that may have contractual rights
2 to acquire their collection systems from DELCORA?

3 A. You had a -- let me say, there's like 14,000
4 customers?

5 Q. I think it was about 15,400.

6 A. Okay, well --

7 JUDGE JONES: Fifteen thousand, four hundred
8 eleven, to be exact.

9 THE WITNESS: I'm sorry, what is the number?

10 JUDGE JONES: Fifteen thousand, four hundred
11 eleven.

12 THE WITNESS: All right. So if there's
13 15,411, the three municipalities -- I assume that this is
14 what you're referring to, the three municipalities, three of
15 your clients?

16 BY MR. RUBIN:

17 Q. No, sir. Just to be clear, I'm not limiting it to
18 my clients. I'm saying, any municipality that may have the
19 right to acquire some or all of the collection system
20 assets. It may turn out to be just my clients, but I don't
21 know if there's somebody else lurking out there waiting to
22 jump in on this.

23 A. Okay. And I'm sorry. Could you -- I was trying
24 to figure out the percentage of the fifteen for the three
25 clients, so I apologize. What was your question?

1 A. Sure. The question was, do you know how much of
2 the collection system property is associated with
3 communities that may have the contractual right to acquire
4 their collection systems from DELCORA?

5 A. No. Your clients represent 15 percent of the, you
6 know, roughly of the retail customers based upon the numbers
7 that you provided today.

8 Q. Sure. And if we take roughly 20 percent of the
9 assets as being in collection systems, if we were to remove
10 a portion of those assets from the transaction, would your
11 estimate of the market value of DELCORA be different?

12 A. Yes. I went through -- I think -- I went through
13 numbers last night, and brought all the plant values forward
14 to account for the three retail customers. So last night, I
15 did do a calculation in that manner.

16 Q. Can you share that with us?

17 A. Sure. If you can go to Exhibit 9, page one, and
18 I'll just sort of explain what I did and I guess we can --

19 JUDGE JONES: I'm sorry. Mr. Walker, Aqua
20 Exhibit 9?

21 THE WITNESS: This is part of Q, part of
22 Exhibit, Aqua Exhibit Q --

23 JUDGE JONES: It's a part of the appraisal?

24 THE WITNESS: Yes. It's Exhibit 9, page one
25 in the appraisal.

1 MR. RUBIN: Your Honor, in Exhibit Q, it's PDF
2 page 101.

3 JUDGE JONES: Thank you, Mr. Rubin.
4 Mr. Haggerty?

5 MR. HAGGERTY: Yes, Your Honor.

6 JUDGE JONES: It's under application, Exhibit
7 Q, PDF page 101, Mr. Rubin?

8 MR. RUBIN: Yes, Your Honor. We'll have Mr.
9 Walker verify that's the page he's referring to.

10 (Pause.)

11 JUDGE JONES: Is that it, Mr. Walker?

12 THE WITNESS: Yes. That is the page I'm
13 referring to.

14 JUDGE JONES: Mr. Walker, do you wear glasses?

15 THE WITNESS: You mean, should I wear glasses?

16 JUDGE JONES: Yes.

17 THE WITNESS: I should wear glasses. Yes, I
18 should wear glasses.

19 JUDGE JONES: Okay.

20 THE WITNESS: All right. So in the first
21 column numbers is the replacement cost as of 12/31/19, and
22 what I did is I looked at the index values that were used to
23 determine that replacement cost value.

24 And then I looked at the same index values as
25 of month's end October to trend those values to basically

1 today. And I did it for each account that is listed there,
2 and I won't bore you with the details, but overall it
3 results -- it would increase that number by 1.03 so that the
4 RCN or the replacement cost new, instead of being \$792
5 million, would then trend forward to \$820,081,857.

6 Then I recalculated the accrued depreciation
7 related to those assets, and that's what's shown in the
8 second column of the exhibit you're looking at. And that
9 value, which is shown as \$392 million on that page, I
10 believe, when you bring that forward, the accrued
11 depreciation is \$414,091,483.

12 When you subtract the accrued depreciation
13 from the RCN, it produces a sort of bring-forward RCNLD of
14 405,990 dollars and 30 -- I'm sorry, \$405,990,374. So
15 that's \$405,990,374.

16 And then to that, I added an estimate of the
17 capital expenditures for the first -- since year end 2019.
18 I looked at the capital expenditures, the average of the
19 capital expenditures for 2018 and 2019 in the annual report,
20 and that was \$32,606,613.

21 You add that amount to the bring-forward RCNLD
22 and you get a current RCNLD of \$438,596 -- I'm sorry,
23 \$438,596,987. I then subtracted what I perceived to be
24 municipal retail assets, which I went to the highest number
25 that I could find and I used \$8,500 per customer.

1 And at the time, I didn't have the customer
2 count that was provided to me today, so I used slightly more
3 customers. I used 2,864 customers. That's what I was
4 estimating based upon the number of houses, and I didn't
5 have the details that were shown.

6 And so using \$8,500 as the upper end of the
7 RCNLD, which is what I have found looking at the comparables
8 in the C&D, that schedule or that exhibit which we discussed
9 a couple minutes ago in which I was asked about the average
10 value per customer, if you look at that exhibit, I derived
11 the RCNLD per customer.

12 And the highest number is \$8,500 per customer
13 on an RCNLD basis, and the lowest is \$4,300, and the median
14 or midpoint is sort of \$6,500. But in my analysis, I used
15 \$8,500 as the upper end of the range. And that produced a
16 retail assets of \$24,344,000.

17 So I subtracted that from the current RCNLD
18 and I get a hypothetical RCNLD at 10/31/20 of \$414,252,987.
19 And that compares to the original RCNLD that's contained in
20 the appraisal of \$399,664,113.

21 Q. Thank you for that, Mr. Walker. I think that's
22 very helpful.

23 A. Sure.

24 MR. RUBIN: Your Honor, that's all the
25 questions I have for this witness.

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EXHIBIT G

Respondent: John Pileggi

Date: 11/02/20

APPLICATION OF AQUA PENNSYLVANIA WASTEWATER, INC.**DOCKET NO. A-2019-3015173****UPLAND BOROUGH****SET II INTERROGATORIES DIRECTED TO DELCORA****UPLAND-II-1**

Please state the number of DELCORA customers in each customer class (residential, commercial, etc.) as of the most recent date such information is available, for each of the following areas in which DELCORA provides retail service:

- a. Chester City
- b. Parkside
- c. Upland
- d. Chester Township
- e. Trainer
- f. Marcus Hook
- g. Rose Valley
- h. Nether Providence
- i. Riverside
- j. Preserve
- k. Edgmont

RESPONSE

Customer	Residential	Commercial	Total
Chester City	8,388	1,634	9,972
Parkside	718	25	743
Upland	1,106	220	1,236
Chester Township	437	163	600
Trainer	626	59	685
Marcus Hook	777	85	862
Rose Valley	360	0	360
Nether Providence	0	0	0
Riverside	149	3	152
Preserve	67	0	67

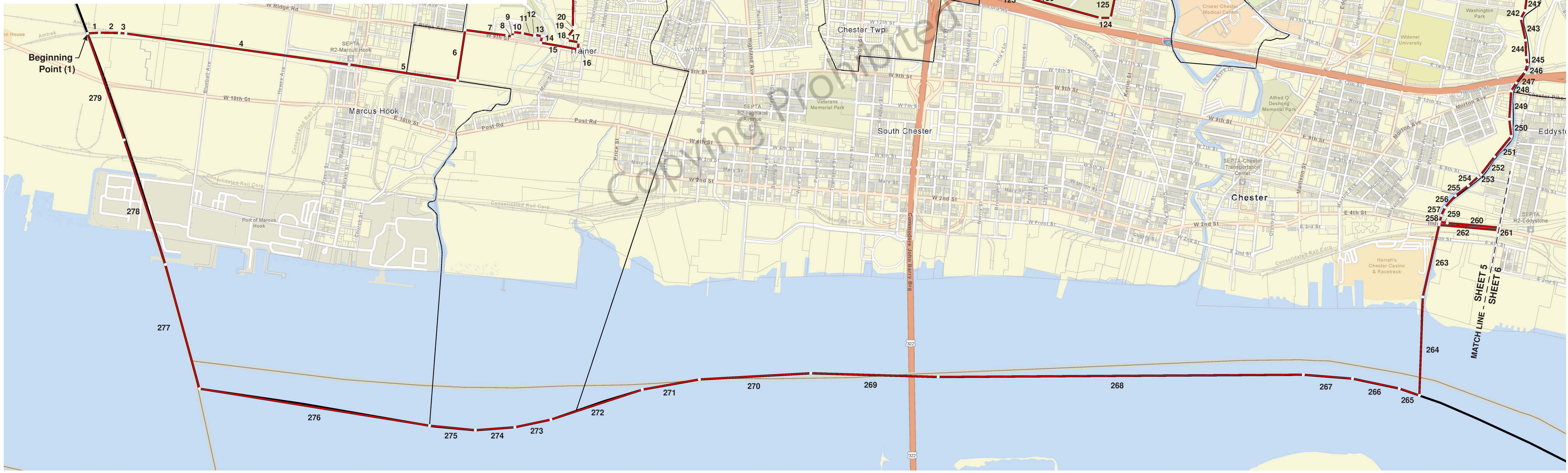
Edgmont	703	31	734
Total	13,1961	2,220	15,411

Please note that commercial accounts include multiple-unit residential properties. For example, a dormitory owned and operated by Widener University is a commercial account. Commercial accounts also include retail businesses.

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Description of Service Area (Segment #, Bearing, Distance in ft.)

1	N 46°57'02" E	253.48	51	S 65°27'12" E	156.26	101	S 62°46'18" W	25.07	151	N 89°23'28" E	133.38	201	N 13°29'01" E	270.35	251	S 00°35'26" E	563.74
2	N 50°49'13" E	427.03	52	S 21°54'01" W	113.90	102	S 14°14'25" W	201.08	152	N 01°34'37" E	206.29	202	N 27°43'53" W	587.43	252	S 02°49'12" E	481.26
3	N 53°49'33" E	141.24	53	S 63°22'45" E	195.94	103	S 07°11'24" W	235.95	153	N 42°06'23" E	80.87	203	N 63°31'00" W	147.01	253	S 12°35'10" W	73.92
4	N 57°54'13" E	4837.38	54	S 34°40'36" E	165.45	104	S 04°24'53" W	477.97	154	N 89°45'13" E	420.66	204	N 26°29'00" E	30.00	254	S 07°29'46" W	288.06
5	N 59°30'16" E	2346.46	55	S 28°39'08" E	76.07	105	S 02°04'33" E	124.26	155	N 59°49'17" E	97.48	205	S 63°31'00" E	136.65	255	S 12°03'31" W	349.17
6	N 31°17'17" W	1099.65	56	N 63°41'55" E	358.28	106	S 09°19'30" E	136.86	156	N 18°11'59" E	304.49	206	N 24°38'38" E	170.42	256	S 02°21'29" W	332.48
7	N 57°24'46" E	900.64	57	N 20°52'40" W	505.56	107	S 16°46'03" E	130.94	157	N 88°16'27" W	108.05	207	N 72°23'38" E	258.34	257	S 15°29'20" E	194.16
8	N 61°57'32" E	119.07	58	N 81°33'08" E	646.32	108	S 24°35'04" E	150.33	158	N 07°14'13" E	328.19	208	S 75°09'02" E	190.33	258	S 27°13'06" E	142.58
9	N 31°39'34" W	98.11	59	N 79°24'02" E	379.82	109	S 32°52'21" E	146.69	159	N 11°20'09" W	354.20	209	N 24°29'56" E	89.75	259	N 58°36'38" E	161.74
10	N 56°29'15" E	209.53	60	N 53°54'19" W	653.46	110	S 41°25'34" E	162.27	160	N 10°26'23" E	293.49	210	S 65°30'04" E	30.00	260	N 55°03'25" E	1097.60
11	N 62°11'31" E	263.26	61	N 34°44'33" W	589.98	111	S 50°11'17" E	153.20	161	N 59°14'53" W	366.08	211	S 24°29'56" W	87.60	261	S 27°11'00" E	52.99
12	N 27°55'11" W	24.00	62	N 23°18'06" W	261.19	112	S 59°50'08" E	164.48	162	S 13°24'25" W	251.53	212	S 64°47'29" E	247.15	262	S 55°03'25" W	1260.35
13	N 62°48'26" E	160.55	63	S 57°49'34" W	495.44	113	S 16°23'31" W	539.80	163	N 82°30'48" W	436.87	213	S 75°11'22" E	368.11	263	S 27°13'06" E	1587.07
14	S 27°24'23" E	139.25	64	N 32°12'32" W	464.68	114	S 38°53'35" W	39.80	164	N 21°58'40" E	411.74	214	S 63°45'47" E	226.98	264	S 37°59'57" E	2112.77
15	N 60°08'14" E	804.76	65	N 58°16'22" E	644.91	115	S 44°59'26" E	401.25	165	N 60°36'49" W	820.03	215	N 87°05'43" E	337.00	265	S 69°00'33" W	455.19
16	N 30°23'49" W	151.14	66	N 83°31'43" E	79.57	116	S 69°13'25" E	56.28	166	N 26°17'16" E	333.51	216	N 69°43'30" E	427.98	266	S 61°57'39" W	1026.62
17	S 59°58'34" W	247.60	67	S 09°05'45" E	137.93	117	N 89°05'22" E	377.76	167	S 60°10'05" E	222.45	217	N 31°23'11" E	229.37	267	S 54°32'24" W	1055.55
18	N 30°18'29" W	83.41	68	S 15°32'11" E	286.84	118	S 46°28'49" E	83.75	168	N 27°45'18" E	426.81	218	N 55°34'26" E	508.47	268	S 49°38'29" W	7831.80
19	N 03°21'21" W	209.60	69	S 18°55'55" E	139.50	119	S 03°57'48" E	207.85	169	S 59°03'24" E	646.38	219	N 82°58'54" E	454.87	269	S 51°40'32" W	2734.40
20	N 76°11'12" W	37.77	70	S 26°54'22" E	205.45	120	S 51°00'02" E	64.79	170	S 62°33'44" E	225.52	220	S 30°06'48" E	240.76	270	S 46°49'20" W	2393.17
21	N 39°20'22" E	1462.38	71	S 34°15'41" E	324.79	121	S 04°11'37" E	86.41	171	N 76°37'02" E	78.17	221	S 17°31'35" W	415.60	271	S 39°55'14" W	1244.67
22	N 57°40'50" E	867.35	72	S 50°11'51" E	777.18	122	N 80°18'57" E	1670.51	172	S 65°28'58" E	120.56	222	S 01°01'04" E	25.30	272	S 31°47'37" W	2063.20
23	N 33°27'43" W	406.74	73	S 70°09'53" E	222.98	123	N 65°24'48" E	3372.87	173	N 18°24'11" E	111.17	223	S 72°30'36" E	157.60	273	S 38°08'34" W	790.32
24	N 56°57'12" E	391.84	74	N 77°12'51" E	455.82	124	N 50°03'31" W	510.92	174	N 07°17'13" E	108.41	224	S 48°43'01" E	24.87	274	S 45°39'22" W	849.26
25	S 34°49'10" E	408.08	75	N 79°45'38" E	516.07	125	N 28°17'03" W	510.92	175	N 04°15'08" W	505.98	225	S 27°00'19" W	130.34	275	S 55°40'40" W	986.73
26	N 53°44'18" E	893.75	76	N 04°11'37" W	78.70	126	N 59°46'19" E	592.44	176	N 25°26'33" E	65.88	226	S 08°55'27" E	131.91	276	S 59°08'11" W	5000.53
27	N 57°15'27" E	329.11	77	N 51°00'02" W	64.86	127	N 01°41'03" W	756.65	177	N 60°10'30" E	160.96	227	S 16°26'34" E	85.46	277	N 55°20'38" W	2761.69
28	N 33°50'07" W	1557.14	78	N 03°57'48" W	209.23	128	S 71°50'34" W	73.27	178	N 00°55'13" E	306.38	228	S 31°55'41" E	134.67	278	N 59°16'30" W	2813.88
29	S 76°23'10" W	279.66	79	N 46°28'49" W	59.83	129	S 41°01'26" W	284.41	179	N 09°15'45" E	143.33	229	S 63°55'39" W	177.53	279	N 59°00'29" W	2416.14
30	S 86°04'28" W	164.45	80	S 89°05'22" W	371.26	130	N 45°51'24" W	106.92	180	S 97°53'35" E	484.61	230	N 37°55'15" W	154.56			
31	N 37°57'20" W	357.02	81	N 69°13'25" W	68.45	131	S 38°20'22" W	371.10	181	S 63°59'33" E	58.16	231	S 77°14'18" W	157.35			
32	S 53°05'42" W	308.79	82	N 44°59'26" W	434.65	132	S 28°34'41" W	726.38	182	S 85°01'17" E	686.60	232	S 16°18'35" W	352.29			
33	N 75°13'18" W	165.36	83	N 38°53'35" E	60.79	133	S 42°03'39" W	130.70	183	N 03°18'15" E	995.20	233	S 13°55'39" E	177.40			
34	N 72°34'24" W	385.03	84	N 16°23'31" E	508.55	134	S 26°53'45" W	302.51	184	N 67°29'45" W	956.81	234	S 31°59'44" E	136.10			
35	N 45°16'35" W	48.60	85	N 59°07'04" W	144.58	135	S 14°29'55" W	370.62	185	N 03°26'53" W	659.35	235	S 51°34'12" E	267.44			
36	N 30°42'19" W	30.94	86	N 50°11'17" W	157.34	136	S 52°44'23" W	62.36	186	N 87°29'06" E	259.89	236	S 07°17'12" E	240.39			
37	N 21°41'30" W	74.01	87	N 41°25'34" W	166.82	137	S 89°03'29" W	208.35	187	N 04°44'19" E	402.07	237	S 38°41'07" E	163.71			
38	N 51°25'40" W	62.07	88	N 32°50'21" W	151.11	138	N 85°03'53" W	191.04	188	N 62°04'36" W	169.31	238	N 56°31'33" E	407.78			
39	N 76°53'54" W	642.67	89	N 24°35'04" W	154.55	139	N 59°34'19" W	107.64	189	N 28°45'42" E	48.68	239	S 61°48'46" E	302.63			
40	N 83°45'15" E	375.34	90	N 16°46'03" W	134.94	140	N 73°19'39" W	186.07	190	S 62°28'48" E	203.27	240	S 79°22'36" E	274.20			
41	N 83°43'28" E	1132.68	91	N 09°19'30" W	140.71	141	S 89°40'33" W	164.99	191	N 20°40'07" E	390.47	241	S 32°28'25" E	365.60			
42	S 85°52'02" E	231.02	92	N 02°04'33" W	127.52	142	S 66°48'07" W	63.23	192	N 69°51'57" W	267.62	242	S 11°13'31" E	193.10			
43	N 29°25'02" W	109.22	93	N 04°24'38" E	480.47	143	N 07°17'03" E	220.56	193	N 45°48'42" W	45.59	243	S 52°39'48" E	475.89			
44	N 07°05'02" W	131.82	94	N 07°12'01" E	236.99	144	N 73°41'33" W	181.20	194	N 64°43'03" W	129.99	244	S 41°46'18" E	370.19			
45	N 75°16'03" E	461.05	95	N 14°19'38" E	265.89	145	S 64°33'18" W	180.62	195	N 21°39'12" E	104.38	245	S 51°24'58" E	154.03			
46	N 77°46'49" E	556.17	96	N 55°50'02" W	395.71	146	S 80°41'29" W	181.49	196	N 47°55'10" E	1853.13	246	S 21°23'28" E	167.00			
47	N 12°23'13" W	307.80	97	N 63°37'11" E	582.96	147	N 82°33'38" W	585.21	197	S 62°56'50" E	1133.84	247	S 01°50'41" E	304.75			
48	N 76°55'02" E	252.58	98	S 19°07'37" W	292.60	148	N 20°35'56" E	46.74	198	S 65°17'47" E	1528.91	248	S 07°07'07" E	203.19			
49	S 00°32'53" E	57.15	99	S 15°30'13" E	32.94	149	N 37°40'05" E	173.81	199	S 87°47'22" E	357.62	249	S 36°20'50" E	607.25			
50	S 72°26'35" E	138.85	100	S 17°27'19" W	241.20	150	N 00°38'14" E	55.52	200	N 69°37'49" E	227.41	250	S 46°19'48" E	371.41			



INDEX PLAN

SERVICE AREA TERRITORY

SHEET 5 SERVICE AREA

284,174,942 square ft.
6,523.8 Acres
10.193 square miles

(1) Beginning Point: PASPC Coordinates: North: 183,427.99,
East: 2,618,280.37; at a point being the intersection of the
approximate centerline of the Amtrak Railroad and the western
boundary of Marcus Hook Borough and proceeding according to
the listed bearings and distances noted in the table above.

AQUA

Note

Bearings, distances, area obtained from municipal boundaries, and parcel shapefiles, obtained from <http://www.pasda.psu.edu/>,
in combination with service territory notes provided by DELCORA. The resultant bearings, distances and area do not result
from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

Legend

Requested Territory

6.		
5.		
4.		
3.		
2.		
1.		
REV.	DATE	DESCRIPTION

SCALE IN FEET

0

500

1,000

1,500

EXHIBIT A

Proposed Service Territory

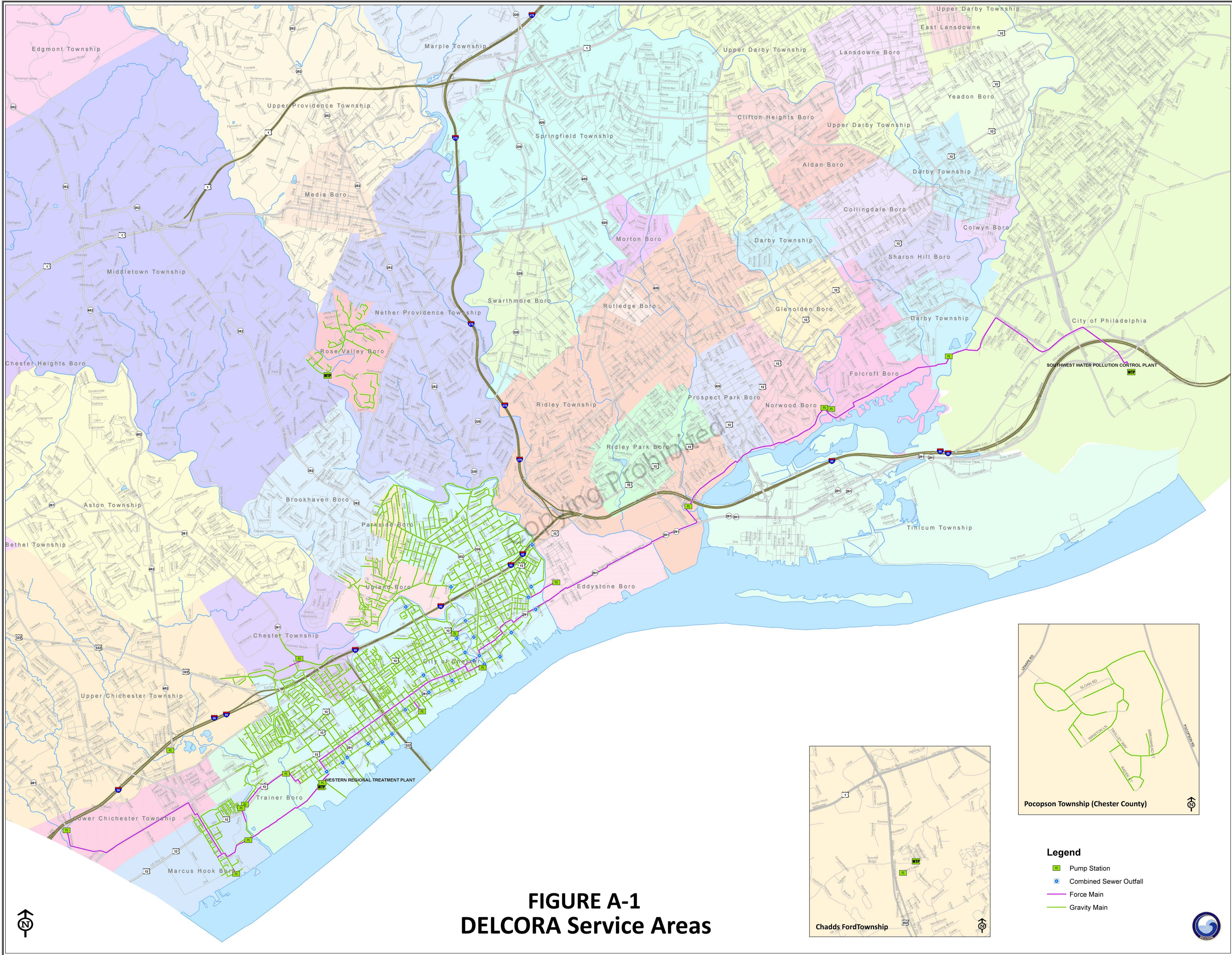
Aqua Pennsylvania, Inc./DELCORA

Delaware and Chester Counties, Pennsylvania

DATE: 1/31/20

SCALE: 1" = 1,000 ft.

SHEET 5



DELCORA
CHESTER, PA

STATEMENT OF VALUES
REPLACEMENT COSTS
SEWAGE TREATMENT AND OTHER FACILITIES
EXISTING PUMP STATION EPS-1

APPRAISAL - NOVEMBER, 2018
ENR CCI = 11184
ENR BCI = 6093

DESCRIPTION	QUANTITY	UNIT	STRUCTURES UNIT PRICE	TOTAL STRUCTURES	EQUIPMENT UNIT PRICE	TOTAL EQUIPMENT	REFERENCE
WESTERN SEWER SYSTEM							US EPA AREA WIDE ASSESSMENT POINT SOURCE COST ALTERNATIVES FROM FIGURE H-84 USE \$1,500,000 PER MILE FOR 44.0 MGD SYSTEM - CCI ESCALATION FROM FEB 2002 -> NOV 2018
COMBINED SEWER SYSTEM LINES	137	MI					
Separate Sewers (Non-Chester)	38.43	MI	\$ 2,270,400	\$ 87,251,472			
Separate Sewers	40.21	MI	\$ 2,270,400	\$ 91,292,784			
Combined Sewers	42.25	MI	\$ 2,904,000	\$ 122,694,440			
Interceptors	12.07	MI	\$ 3,062,400	\$ 36,977,900			
Outfalls	4.04	MI	\$ 3,696,000	\$ 14,913,500			
REGULATORS							
VAULT (6'x'12')	26	EA	\$ 11,000	\$ 365,098			CCI ESCALATION FROM MAY 2010 -> NOV 2018
BROWN & BROWN MECHANISM	24	EA			\$ 150,000	\$ 4,683,853	CCI ESCALATION FROM OCT 2009 -> NOV 2018
TIDE GATES							
VAULT (6'x'12')	18	EA	\$ 11,000	\$ 252,760			CCI ESCALATION FROM MAY 2010 -> NOV 2018
TIDE GATE	28	EA			\$ 6,550	\$ 311,772	CCI ESCALATION FROM OCT 2002 -> NOV 2018
CSO REPAIRS 2004 PER DELCORA REPORT - ITEMS FOR CSO REPAIRS	1	LS	\$ 7,643,401	\$ 11,996,042	\$ -		CCI ESCALATION FROM JUL 2004 -> NOV 2018
SEWER SYSTEM REPAIRS - 2005 PER DELCORA REPORT - ITEMS FOR SEWER SYSTEM REPAIRS	1	LS	\$ 2,569,392	\$ 3,842,236	\$ -		CCI ESCALATION FROM AUG 2005 -> NOV 2018
SEWER REHAB EQUIPMENT - 2005 - PER DELCORA REPORT	1	LS	\$ -	\$ -	\$ 542,917	\$ 811,871	
GIS IMPROVEMENTS - 2005 - PER DELCORA REPORT	1	LS	\$ 419,400	\$ 627,165	\$ 326,679	\$ 488,512	
TOTAL COMBINED SEWER SYSTEM				\$ 370,213,397		\$ 6,296,007	\$ 376,509,405

DELCORA
CHESTER, PA

STATEMENT OF VALUES
REPLACEMENT COSTS
SEWAGE TREATMENT AND OTHER FACILITIES
EXISTING PUMP STATION EPS-1

APPRAISAL - NOVEMBER, 2018
ENR CCI = 11184
ENR BCI = 6093

DESCRIPTION	SIZE	UNIT	STRUCTURES	TOTAL	EQUIPMENT	TOTAL	REFERENCE
	SQ. IN.		UNIT PRICE	STRUCTURES	UNIT PRICE	EQUIPMENT	
CHESTER SIPHONS							
CHESTER PS							
3 barrels (20" & 2-24")	1,219	EA	\$ 758	\$ 924,312	\$ 462	\$ 563,527	
25TH STREET							
3 barrels (12" & 2-16")	515	EA	\$ 1,070	\$ 551,348	\$ 652	\$ 336,142	
I-95 / CROZIER							
3 barrels (12" & 2-16")	515	EA	\$ 1,070	\$ 551,348	\$ 652	\$ 336,142	
UPLAND AVE @ KERLIN							
3 barrels (12" & 2-16")	515	EA	\$ 1,070	\$ 551,348	\$ 652	\$ 336,142	
UPLAND AVE							
2 barrels (16" & 20")	515	EA	\$ 1,070	\$ 551,348	\$ 652	\$ 336,142	
PROVIDENCE AVE							
2 barrels (8" each)	101	EA	\$ 2,057	\$ 206,828	\$ 1,254	\$ 126,097	
CROSBY SQUARE APTS							
2 barrels (6" each)	57	EA	\$ 2,590	\$ 146,448	\$ 1,579	\$ 89,285	
TOTAL CHESTER SIPHONS				\$ 2,558,669		\$ 1,559,949	\$ 4,118,617

CALCUALTED USING THE
CHESTER PS SIPHON
(ESCALATED TO NOV 2018) AS
THE BASIS USING THE 6-
TENTHS RULE ON THE BARREL
SIZE

Copying Prohibited

EXHIBIT H



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 North Street, Harrisburg, Pennsylvania 17120

IN REPLY PLEASE
REFER TO OUR FILE

April 8, 2022

Via Email and eService

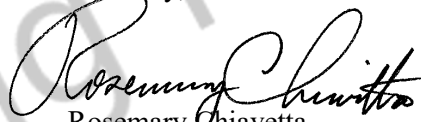
TO ALL PARTIES OF RECORD:

RE: Application of Aqua Pennsylvania Wastewater, Inc. - DELCORA
Docket Number: A-2019-3015173

Please find under cover of this Secretarial Letter, a communication received by the Secretary's Bureau on April 7, 2022, regarding the above captioned proceeding. The letter was received and delivered to the Secretary by the Pennsylvania Department of Community and Economic Development (DCED) acting as a "Receiver" for the City of Chester, Pennsylvania.

Since this matter is a contested proceeding and currently pending before the Pennsylvania Public Utility Commission, the letter constitutes an ex-parte communication as defined by 66 Pa. C.S. Section 334(c). Therefore, to cure any due process concerns, the communication and this Secretarial Letter are being placed upon the record in the docketed proceeding, published to the Commission's website at the above docket number, and served to all Parties of Record listed for this proceeding.

Sincerely,


Rosemary Chiavetta
Secretary of the Commission

Enclosure/Attachment

CC: All Parties of Record to Docket Number A-2019-3015173

Office of Administrative Law Judge
PUC Office of Special Assistants
PUC Bureau of Technical Utility Services

Mayor Thaddeus Kirkland, City of Chester
Ronald Starr, Chief of Staff, City of Chester
1 Fourth Street
Chester, Pennsylvania 19013 (Served by first class mail)

April 7, 2022

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

Dear Ms. Chiavetta:

Please be advised that the on behalf of the City of Chester, the Receiver for the City of Chester provides this notice that the City is asserting its rights under paragraph 15.7 of the contract and Agreement of Sale and Service between the City of Chester (the “City”) and the Delaware County Regional Water Quality Control Authority (“DELCORA”) February 12, 1973 (amended January 21, 1986) (the “Agreement”). Paragraph 15.7 of the Agreement creates a reversionary interest in favor of the City if “at any time in the future...[DELCORA] ceases to operate the system”. Please also note that the City’s reversionary interest is automatic upon the time that DELCORA ceases to operate the system and as stated in paragraph 16.3 of the Agreement, neither DELCORA nor Aqua can ignore or nullify the City’s reversionary interest without the City’s express written consent. The City has not consented to waive its reversionary interest.

The Agreement required DELCORA to operate the wastewater system that DELCORA purchased from the City. Paragraph 15.7, however, created the reversionary interest, in favor of the City, of all fixed assets and real property, to the City’s ownership. The City alone will be the sole owner of its assets upon Aqua’s acquisition of DELCORA. The contract prohibits either party from assigning any rights, interests, or obligations under the Agreement. Neither the City nor DELCORA have amended the cite provisions of the Agreement, and based on paragraph 15.7 of the Agreement, DELCORA has no right to sell the City’s fixed assets and real property defined in the Agreement to Aqua. If DELCORA intends to stop operating the system, the collection system previously owned by the City “shall revert” to the City for the City to control. Accordingly, DELCORA does not have any right to transfer the system or the Agreement to Aqua or any other entity, without the City’s consent.

Any attempt by DELCORA or Aqua to transfer the City's interest in the system and to ignore the City's automatic and self-effectuating reversionary interest will be void and not effective. The Receiver for the City of Chester will take all necessary action, including protesting Aqua's application pending before the PA Public Utility Commission, to prevent the transfer of the Agreement and its wastewater infrastructure to Aqua which is prohibited by paragraph 15.7.

The Receiver is not interested impeding the sale of purchase of DELCORA, but the Receiver must also protect the interest of the City and its residents. The Receiver is interested in discussing a potential resolution of the matter to avoid litigation and remains available to meet with DELCORA to further discuss or resolve this protest before pursuing any legal action.

Sincerely,



Michael T. Doweary

Receiver

City of Chester, Pennsylvania

RECEIVED

APR 7 2022

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Copying Prohibited

EXHIBIT I



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

August 8, 2022

Via Electronic Filing

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

Re: Application of Aqua Pennsylvania Wastewater Inc. pursuant to Sections 507, 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of the Delaware County Regional Water Quality Control Authority
Docket No. A-2019-3015173

I&E Prehearing Memorandum for Remand of Proceeding

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum for Remand of Proceeding** for the above-referenced proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read 'G. L. Miller', is written over a large, light gray diagonal watermark that says 'Copying Prohibited'.

Gina L. Miller

Prosecutor

Bureau of Investigation and Enforcement

PA Attorney ID No. 313863

(717) 787-8754

ginmiller@pa.gov

Erika L. McLain

Prosecutor

Bureau of Investigation and Enforcement

PA Attorney ID No. 320526

(717) 783-6170

ermclain@pa.gov

GLM/jfm
Enclosures

cc: Administrative Law Judge F. Joseph Brady (*via email*)
Pamela McNeal, Legal Assistant (*via email*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania	:	
Wastewater Inc. pursuant to Sections 507,	:	
1102 and 1329 of the Public Utility Code for	:	
Approval of its Acquisition of the	:	Docket No.: A-2019-3015173
Wastewater System Assets of the Delaware	:	
County Regional Water Quality Control	:	
Authority	:	

**PREHEARING MEMORANDUM OF
THE BUREAU OF INVESTIGATION AND ENFORCEMENT
FOR REMAND OF CASE**

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

In accordance with the Initial Prehearing Conference on Remand Order (“Remand Order”) dated July 29, 2022, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutors assigned to this proceeding are Gina L. Miller and Erika L. McLain. Ms. Miller and Ms. McLain may be contacted as follows:

By Mail: Gina L. Miller
 Erika L. McLain
 Pennsylvania Public Utility Commission
 Commonwealth Keystone Building
 400 North Street
 Harrisburg, PA 17120

By E-mail: ginmiller@pa.gov
 ermclain@pa.gov

Telephone: (717) 787-8754

I. BACKGROUND

For purposes of brevity, and in order to avoid a full recitation of the protracted litigation involved in this case, I&E incorporates the “Abbreviated Procedural History” section of Administrative Law Judge Brady’s (“ALJ Brady”) Remand Order. By way of supplemental background information, I&E notes that it was over two years ago, on March 3, 2020, when Aqua Pennsylvania Wastewater, Inc. filed with the Pennsylvania Public Utility Commission (“Commission”) its Application pursuant to Sections 1102 and 1329 of the Public Utility Code (“Code”), for (1) approval of the acquisition by Aqua of the wastewater system assets of the Delaware County Regional Water Quality Control Authority (“DELCORA”) situated within all or part of 49 municipalities within portions of Chester and Delaware Counties, Pennsylvania; (2) approval of the right of Aqua to begin to offer, render, furnish and supply wastewater service to the public in portions of Delaware County and Chester County, Pennsylvania; and (3) an order approving the acquisition that includes the ratemaking rate base of the DELCORA wastewater system assets pursuant to Section 1329(c)(2) of the Code; and (4) assignments of Contracts, between Aqua and DELCORA, pursuant to Section 507 of the Code.

While this case was filed over two years ago, the Asset Purchase Agreement (“APA”) that underlies Aqua’s Application will be three years old on September 17, 2022.¹ While the passage of time may have served to impact the accuracy and timeliness of data filed in this case, as well as the accuracy of the assumptions and

¹ Aqua’s Application, ¶5.

inventory that underly the fair market valuations of the DELCORA property, it has not served to diminish I&E's well-founded concerns that Aqua's Application is materially inaccurate. On the contrary, the passage of time has exposed a new inaccurate representation set forth in Aqua's Application: Aqua's Application demonstrates yet another material misrepresentation.

More specifically, while Aqua's March 3, 2020 Application asks the Commission to approve assignment of a contract between the City of Chester and DELCORA dated February 12, 1973,² Aqua now admits that the City of Chester has asserted a reversionary interest under the contract and that "a list of assets" that are "covered by the claimed reversionary interest" has been requested but not received.³ To that end, it appears that not only is the City of Chester contract at issue unripe for the purported assignment, but also that assets valued under the fair market value appraisals in this case may not be transferrable. In short, the passage of time has not remedied, but has instead compounded, the simple fact that Aqua still appears unable to actually acquire all of the assets it asks the Commission to require ratepayers to buy for \$276.5 million.

A telephonic Prehearing Conference is now scheduled for Tuesday, August 9, 2022, at 1:00 p.m., before ALJ Brady. In accordance with the Prehearing Conference Order issued by ALJ Brady on July 29, 2022, I&E now respectfully submits this prehearing memorandum.

² Aqua's Application, Exhibit F119.

³ Answer of Aqua in opposition to the Petition to Intervene of Michael Doweary, the Receiver for the City of Chester, Pennsylvania, pp. 5-6, ¶ 17-20.

II. IDENTIFICATION AND STATUS OF ONGOING LITIGATION

Although I&E is without sufficient information to know whether the listing below represents all existing litigation related to this case, it represents the best available information that I&E has at this time.

Venue	Case	Status
Commonwealth Court of Pennsylvania	455 CD 2021 The County of Delaware v. Pennsylvania Public Utility Commission I&E understands that the Commission's grant of Aqua's request to waive the 180 day statutory timeline is under appeal and that the outcome could have a direct impact on this case.	I&E understands that this case has been submitted on Briefs and that a decision is pending. No known timeframe for resolution can be established.
Delaware County Court of Common Pleas	Docket No. CV-2020-003185 This was previously on appeal 148 C.D. 2021 until remanded by the Commonwealth Court of Pennsylvania. I&E understands that the trial court now has jurisdiction on remand, but that the Commonwealth Court held that the termination/dissolution of DELCORA was made by a valid and enforceable Ordinance.	Unknown.
Unknown	Pending/Potential action by Receiver of City of Chester I&E notes that the Receiver of the City of Chester was appointed Memorandum and Order of the Commonwealth Court of Pennsylvania at Docket No. 336 M.D. 2020, but it is unclear to I&E whether/when the Receiver has or will take legal action to preserve assets	Unknown.

III. NEED FOR ADDITIONAL DIRECT AND REBUTTAL TESTIMONY

I&E is aware that Aqua may wish to offer additional testimony in support of its case. However, as I&E is unaware of the scope and content of issues that Aqua will address, I&E has significant concerns about agreeing to any process that would potentially limit its ability to protect the public interest as obligated. To that end, I&E respectfully requests that if Aqua is permitted to offer additional testimony in support of its Application, either the scope of the issues it may address must be limited and clearly enumerated before a schedule is developed or that Your Honor consider convening a second prehearing conference after Aqua submits its additional testimony so that impacted parties and Your Honor can make informed decisions about the procedural schedule that may be needed.

IV. NEED FOR ADDITIONAL WITNESSES

At this time, and for the reasons identified above regarding additional testimony, I&E is uncertain whether it will need to secure additional witnesses for this case. At this time, I&E intends to offer expert witness Lisa Gumby who testified in the underlying case; however, I&E reserves the right to call additional witnesses if that is deemed necessary to protect the public interest.

V. SCHEDULING DEADLINES

I&E must defer any scheduling discussion until it has more facts available about the scope of issues permitted for remand. Regardless, I&E notes that no statutory time limit currently exists in this case; therefore, I&E respectfully requests that any schedule developed provide sufficient time to enable the parties to develop the full and accurate record required by the Commission. Clear designation of remand issues, and resolution of litigation that will impact viability of the transaction and the underlying valuations are of paramount importance

to protecting the public interest; therefore, they must be factored into any scheduling deadlines.

VI. NEED FOR ADDITIONAL PUBLIC INPUT HEARINGS

I&E will defer to other parties on this issue, including the Office of Consumer Advocate, who may have information about public interest in Aqua's Application at this time. I&E would support public input hearings if the parties and Your Honor believe sufficient interest exists and/or the hearings are warranted. If public input hearings are deemed necessary in this proceeding I&E requests that they be held electronically or telephonically.

VII. SCHEDULING OF FURTHER EVIDENTIARY HEARINGS

I&E incorporates its comments above regarding scheduling deadlines and again asserts that clear designation of remand issues and resolution of litigation that will impact the viability of the transaction and the underlying valuations must be considered before I&E can formulate a position on the need for hearings. Additionally, the accuracy and timeliness of Aqua's Application and underlying appraisals must also be determined and considered.

VIII. OTHER APPROPRIATE MATTERS

1. Scope of Issues on Remand

I&E avers that the listing of issues below should be addressed in the remand portion of this case:⁴

- a. The accuracy of Aqua's Application filed on March 3, 2020, including the underlying Engineering Assessment (and the inventory it contained) and the fair market value assessments offered in this case.

⁴ I&E reserves the right to supplement this list if new information informs its position and/or if any other party raises issues that I&E has not had an opportunity to consider.

- b. The status of DELCORA as a municipal authority and its position on the transaction.
- c. Whether DELCORA has present title and/or authority to transfer all assets, inventory, and contracts that Aqua is seeking permission to acquire in this case.
- d. Clear designation of and explanation of Aqua's operative proposal to offset acquired customers' rates through a Rate Stabilization Fund/Trust that a third-party will administer. This should include, but not be limited to the following: information about which customers are eligible to receive funding, how they will receive it, who/what entity will administer the funding, whether a 3rd party will have access to jurisdictional customers' billing info, and the process that acquired customers would use to address issues with receipt of funds.
- e. The amount of money that will fund the Rate Stabilization Fund/Trust that will allegedly be used to offset acquired customers' rates. I&E notes that Aqua has continually averred that the Rate Stabilization Fund/Trust is a critical public benefit; therefore, in order to evaluate that allegation and to enable the affirmative public benefit analysis, including consideration of rate impact required in this case, the amount must be provided to the parties. In the past, Aqua alleged that DELCORA would place approximately \$200 million into the Trust;⁵ therefore, an update to this claim is appropriate now.

2. Discovery

On pages 3-4 of the Prehearing Conference Order dated August 3, 2020, ALJ Jones ordered an enumerated list of modifications to the Commission's regulations related to the discovery process. While I&E supports the continuation of those modifications, I&E also understands that they were in place, in part, due to the expedited schedule that existed in 2020. To that end, I&E would be open to discussing other parties' proposals on discovery modifications as long as an expedited schedule is no longer in place. However, I&E is aware that Aqua may

⁵ Aqua Main Brief, Public Version, p. 4; Aqua St. No. 2, p. 13.

intend to propose limitations on the scope and timing of discovery and I&E strongly opposes any limits imposed upon the discovery process that could arbitrarily limit parties' ability to develop the record.

3. Settlement

I&E intends to participate in any settlement discussions and is willing to work with the parties in an attempt to reach a resolution of any or all issues as appropriate.

Respectfully submitted,



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Dated: August 8, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania	:	
Wastewater Inc. pursuant to Sections 507,	:	
1102 and 1329 of the Public Utility Code for	:	
Approval of its Acquisition of the Wastewater	:	Docket No.: A-2019-3015173
System Assets of the Delaware County	:	
Regional Water Quality Control Authority	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum for Remand of Proceeding** dated August 8, 2022, in the manner and upon the persons listed below.

Served via Electronic Mail Only

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