



**PENNSYLVANIA
AMERICAN WATER**

Melanie J. El Atieh
Corporate Counsel

800 Hershey Park Drive
Hershey PA 17033
P (717) 531-3362
F (717) 531-3399

melanie.elatieh@amwater.com

November 18, 2015

VIA E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania-American Water Company and the Municipal Authority
of Westmoreland County Bulk Water Purchase Agreement
Docket No. U-2015-2473347

Dear Ms. Chiavetta:

In response to Sean Donnelly's letter dated November 5, 2015, attached please find Pennsylvania-American Water Company's answers to the data requests regarding the above referenced docket number for e-filing. Please note that a copy of these responses to the data requests are being filed by paper as well in order to comply with the response to data request U-2 requesting a larger, legible copy of the map (Exhibit U-2) contained in the Agreement's Exhibit A.

Respectfully,

Melanie J. El Atieh

blg
Enclosure

cc: Sean Donnelly
Manasi Deshpande

**Bureau of Technical Utility Services
Water/Wastewater Division**

Data Request 1

**Pennsylvania-American Water Company (PAWC) and the Municipal Authority
of Westmoreland County (MAWC) Bulk Water Purchase Agreement
at Docket U-2015-2473347**

Responses of PAWC Submitted: November 18, 2015

Note: Restate the data request prior to providing a response. In addition, provide the name of the person(s) providing the response and/or information for each data response.

U-1. Please explain why the Bulk Water Purchase Agreement (Agreement) stipulates that MAWC will provide non-fluoridated water to PAWC's existing interconnections and fluoridated water to the PAWC's new interconnections.

U-1 Response: The Agreement is for purchased water supply for two PAWC water systems, (1) the Connellsville System (PWSID #PA5260022), which is served by three existing interconnections to MAWC's facilities, and (2) the Uniontown System (PWSID # PA5260020), which will be served by a new interconnection to MAWC's facilities. The Agreement stipulates that MAWC will provide non-fluoridated water to PAWC's existing interconnections because the Connellsville System is a non-fluoridated system. Likewise, the Agreement stipulates that MAWC will provide fluoridated water to PAWC's new interconnection because the Uniontown System is a fluoridated system. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

U-2. Much of the map text and symbols on the Agreement's Exhibit "A" are not legible. Please provide a legible copy of the subject exhibit.

U-2 Response: A full size (36" by 48") paper copy of the map has been filed as "Exhibit U-2" under separate cover with the Secretary's Bureau. (Prepared by Jay R. Lucas, P.E., Engineering Manager, Western PA.)

U-3. Please quantify the number existing interconnections PAWC has with MAWC's water system.

U-3 Response: PAWC currently has three interconnection locations between its Connellsville system and the MAWC system. These interconnections are commonly referred to as the Cramer, 5th and Wine, and Perry St/Snyder Street locations. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

U-4. Please quantify the number new interconnections PAWC plans to construct with MAWC's water system.

U-4 Response: One new interconnection location is planned under the Agreement. This new interconnection will be between PAWC's Uniontown System and MAWC. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

U-5. Please provide an estimated construction cost for each of the Agreement's proposed interconnections.

U-5 Response: Please see below.

No.	Description	Length (feet)	Total Cost
1	The "New PAWC Booster Station" or "MAWC Booster Pump Station" – Install New Uniontown System Booster Station at MAWC Plant	--	\$499,519
2	The "New PAWC 20" Waterline" - Install 3,611 feet of 20-inch Waterline from MAWC Plant to NFCMA Connection Point	3,611	\$392,719
3	The "New PAWC Airport Gradient Booster Station" or "Sitka Booster Pump Station" – Install New Airport Area Booster Station at Morrell Road, Sitka Area	--	\$281,508
4	The "New PAWC 12" Waterline" - Install 2,142 feet of 12-inch Waterline from NFCMA Connection Point to Morrell Road – Sitka	2,142	\$298,721
5	Install 3,882 feet of 12-inch Waterline from 80 Acres Road past the Connellsville Airport to Mt Braddock Connection	3,882	\$569,444
6	Property Acquisition	--	\$12,300
7	Engineering	--	\$150,000
	Subtotal		\$2,204,211
	Omissions		\$440,842
	Contingencies		\$440,842
	AFUDC		\$110,211
	Total		\$3,196,106

(Prepared by Jay R. Lucas, P.E., Engineering Manager, Western PA.)

U-6. The Agreement states that billing will be based upon a meter to be located at the "New PAWC Booster Station." Please provide the estimated construction cost for the booster pump station.

U-6 Response: Please see the response to U-5 above. (Prepared by Jay R. Lucas, P.E., Engineering Manager Western PA.)

U-7. The Agreement states MAWC will provide PAWC with a right-of-way/easement for PAWC to construct and operate the "New PAWC Booster Pump Station" and the "New PAWC 20" Waterline" that will deliver water from the point of the new connection to MAWC's existing pipeline. Please state the value of this right-of-way/easement as well as the pipeline's length and estimated construction cost.

U-7 Response: Please see the response to U-5 above. (Prepared by Jay R. Lucas, P.E., Engineering Manager Western PA.)

U-8. The Agreement's Exhibit "A" identifies a "New PAWC Airport Gradient Booster Station" and a "New PAWC 12" Waterline." Please explain the purpose and need for these two improvements.

U-8 Response: Currently, the main source of water for the Connellsville System is purchased water from the MAWC and the main source of water for the Uniontown System is purchased water from the North Fayette County Municipal Authority (NFCMA). PAWC's purchased water contract with NFCMA is set to expire on May 2, 2016. After negotiations to renew this contract with NFCMA were not successful, PAWC entered into the Agreement with MAWC that will allow PAWC to purchase water for the Uniontown System from MAWC.

In order for this change of water supply source for PAWC's Uniontown System to occur, several facilities need to be permitted and constructed. PAWC currently takes about 1.0 million gallons per day (MGD) average and 1.5 MGD peak from MAWC for the PAWC Connellsville System. PAWC also currently takes the same amount (1.0 MGD average and 1.5 MGD peak) from NFCMA for the PAWC Uniontown System. Under this Agreement, PAWC will be expecting to take a total of 2 MGD average and 3 MGD peak from MAWC to serve both the Connellsville and Uniontown Systems.

There are several facilities needed in order for PAWC to begin purchasing water from MAWC for the Uniontown System. They include the following:

1. The "New PAWC Booster Pump Station" or "MAWC Booster Pump Station." PAWC will construct a new, pre-fabricated, above-ground booster station at MAWC's Indian Creek Water Treatment Plant located in Connellsville, PA. This new booster station will have three (3) identical pumps, each equipped with Variable Frequency Drives and each rated at 2,100 gpm. This booster station will have a meter, emergency back-up power, and it will be fully connected to PAWC's existing SCADA System.

U-8 Response (continued):

2. The “New PAWC 20” Waterline.” PAWC will construct approximately 3,611 feet of a 20-inch waterline in private right-of-way from the proposed “New PAWC Booster Pump Station” located at the MAWC water treatment plant (WTP) site to the end of PAWC’s existing 20-inch waterline located in an old railroad bed owned by PAWC and commonly called the Mountain Waterline. This will provide the main feed into the Uniontown System.
3. The “New PAWC Airport Gradient Booster Station” or “Sitka Booster Pump Station.” PAWC will construct a small booster station to feed a separate and much smaller gradient that serves approximately 120 higher elevation customers in and around the Connellsville Airport. The booster station will be located in the Sitka area just southwest of Connellsville, PA. This booster station is a pre-fabricated, above-ground booster station that will supply domestic flow only. It will have two (2) identical, small pumps each equipped with Variable Frequency Drives and each rated at 25 gpm. This booster station will have a meter, emergency back-up power, and it will be fully connected to PAWC’s existing SCADA System. This booster station will also have a check valve bypass set-up that, in case of a fire, will allow fire flow to be delivered into the Airport Gradient from the new booster station located at the MAWC WTP described in Item No. 1 above.
4. The “New PAWC 12” Waterline.” PAWC will construct approximately 2,142 feet of a 12-inch waterline in private right-of-way from PAWC’s existing 20-inch waterline located in the Mountain Waterline to the proposed “New PAWC Airport Gradient Booster Station” located in the Sitka area. This will provide the main feed into the Airport Gradient.
5. PAWC will construct approximately 3,882 feet of a 12-inch waterline along SR 119 from PAWC’s existing 12-inch waterline located at the intersection of Eighty Acres Road and SR 119. This new waterline will travel southwest along SR 119 to serve the Connellsville Airport and several existing residential customers in that area.
6. MAWC will construct a fluoride feed system and expand their ammonia feed system at their Indian Creek Water Treatment Plant in order to meet PAWC’s water quality requirements.

Please note that, on November 9, 2015, PAWC filed a petition with the Commission, at Docket No. P-2015-2513587, for a finding that two buildings to be constructed by PAWC to shelter the proposed MAWC Booster Pump Station and Sitka Booster Pump Station (described above) are reasonably necessary for the convenience or welfare of the public and, therefore, exempt from local zoning ordinances (“Petition”). Construction of the proposed booster stations will begin as soon as

U-8 Response (continued):

reasonably practicable after the Commission grants the Petition. (Prepared by Jay R. Lucas, P.E., Engineering Manager Western PA.)

U-9. Please state whether the "New PAWC Airport Gradient Booster Station" and the "New PAWC 12" Waterline" depicted in the Agreement's Exhibit A are situated within PAWC's existing service area as the map's service area boundaries are unclear.

U-9 Response: The "New PAWC Airport Gradient Booster Station" and the "New PAWC 12" Waterline" are within PAWC's existing service area. (Prepared by Jay R. Lucas, P.E., Engineering Manager Western PA.)

U-10. Please state the estimated construction cost for the "New PAWC Airport Gradient Booster Station."

U-10 Response: Please see the response to U-5 above. (Prepared by Jay R. Lucas, P.E., Engineering Manager Western PA.)

U-11. Please state the length and estimated construction cost for the "New PAWC 12" Waterline."

U-11 Response: Please see the response to U-5 above. (Prepared by Jay R. Lucas, P.E., Engineering Manager Western PA.)

U-12. The Agreement's Exhibit "A" identifies an "Existing NFCMA to PAWC Connection." Please state the current purpose of this connection (i.e., source of supply or emergency connection) and if its use will change with the implementation of the Agreement.

U-12 Response: The interconnection labeled "Existing NFCMA to PAWC Connection" is an existing purchased water source of supply for PAWC's Uniontown system. This supply is currently provided by the North Fayette County Municipal Authority. With the implementation of the Agreement with MAWC, this interconnection will no longer be used for a source of supply to PAWC. PAWC has had preliminary discussions with NFCMA about converting this interconnection to a 2-way emergency connection in the future. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

U-13. Please clarify the meaning of the term "combined minimum" referenced in Section 2 of the Agreement.

U-13 Response: The term "combined minimum" in Section 2 of the Agreement means that the minimum purchase requirements under the Agreement are the combination of volumes purchased at all of the interconnections in the Agreement, including the

U-13 Response (continued):

three existing interconnection locations in Connellsville and the proposed new interconnection in Uniontown. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

- U-14. Section 2 of the Agreement states PAWC shall purchase a combined minimum of 2,000,000 gallons per day with two minimum purchase volume options of 730,000,000 gallons per year or 547,500,000 gallons per year. Please explain how the combined minimum purchase of 2,000,000 gallons per day will be met (e.g., 2,000,000 gallons/day X 365 days/year = 730,000,000 gallons/year) if the water usage option of 547,500,000 gallons per year is elected.

U-14 Response: The combined minimum of 2 MGD referenced in Section 2 of the Agreement is for the first year of the Agreement, and any year after that PAWC elects to remain under the 730 million gallon annual minimum purchase quantity. PAWC has the option to select a lower annual minimum volume of 547.5 million gallons after completion of the first year of the Agreement. If PAWC chooses the lower annual minimum volume, the unit price will increase as shown in Exhibit B of the Agreement, but the daily volume requirement will reduce from 2 MGD to 1.5 MGD (547,500,000 gallons divided by 365 days per year). (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

- U-15. Paragraph 3 in Section 4 of the Agreement states "If ever the Annual Daily Average purchases of the Buyer fall below two million (2,000,000) gallons per day, Buyer will pay to the Seller their portion of the differential shortfall based on the annual consumption at each and every anniversary of the commencement date except as noted in paragraph 2 above." Please provide an example calculation demonstrating the how payment is determined when the annual daily average falls below 2,000,000 gallons per day.

U-15 Response: An example calculation is shown below for a hypothetical situation: Year 1 of Agreement, with 2 MGD requirement and unit price of \$2.25 per thousand gallons, or \$2,250 per million gallons.

Assume that PAWC purchases a combined volume of 693.5 million gallons in year 1.

Year 1 Annual Daily Average purchase = 693.5 MG/365 days = 1.9 MGD.

Differential Shortfall = 2 MGD – 1.9 MGD = 0.1 MGD

Cost of Shortfall = 0.1 MGD X 365 days/year X \$2,250 per million gallons = \$82,125

If PAWC chooses the lower annual minimum volume of 547.5 million gallons per year (1.5 MGD) after Year 1, the same calculation method above would

U-15 Response (continued):

apply except that the differential shortfall would be calculated based on 1.5 MGD and the higher unit price for that option from Exhibit B of the Agreement. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

U-16. Please provide a copy of the current Agreement between PAWC and MAWC, dated January 6, 1993, that is referenced in Section 12.

U-16 Response: A copy of the January 6, 1993 agreement between PAWC and MAWC is enclosed as "Exhibit U-16." Please note that the January 6, 1993 agreement covered the existing interconnections used to serve PAWC's Connellsville System and, as per Section 12 of the Agreement, the January 6, 1993 agreement will become null and void upon the commencement of the sale of water under this new Agreement. (Prepared by Daniel J. Hufton, P.E., Sr. Operations Manager, O&M Strategy.)

VERIFICATION

DANIEL J. HUFTON, P.E., subject to the penalties of 18 Pa. Cons. Stat. § 4904 relating to unsworn falsification to authorities, hereby avers that he is Sr. Operations Manager, for PENNSYLVANIA-AMERICAN WATER COMPANY, that as such he is authorized to sign this Verification its behalf; and that the facts set forth in the foregoing Responses to Data Requests are true and correct to the best of his knowledge, information or belief.



Daniel J. Hufton, P.E., Sr. Operations Manager

Dated: Nov. 17, 2015

VERIFICATION

JAY R. LUCAS, P.E., subject to the penalties of 18 Pa. Cons. Stat. § 4904 relating to unsworn falsification to authorities, hereby avers that he is Engineering Manager for PENNSYLVANIA-AMERICAN WATER COMPANY, that as such he is authorized to sign this Verification its behalf; and that the facts set forth in the foregoing Responses to Data Requests are true and correct to the best of his knowledge, information or belief.



Jay R. Lucas, P.E., Engineering Manager, Western PA

Dated: 11/17/15

Paper Copy of Large Map on file with the
Secretary's Bureau

WATER PURCHASE AGREEMENT

This Agreement made this 10th day of January, 199~~2~~³, by and between the MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "Authority"), with offices at S.W. Corner, U.S. Route 30 West and South Greengate Road, PO Box 730, Greensburg, Pennsylvania, 15601.

PENNSYLVANIA-AMERICAN WATER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter called "PAWC"), with offices at P.O. Box 1290, 300 Galley Road, McMurray, Pennsylvania, 15317.

WHEREAS, Authority is a municipal authority engaged in the operation of a public water supply system in Fayette County, Pennsylvania; and

WHEREAS, PAWC, a public utility with its Southwestern Division operating in Fayette County, is authorized to provide water service to the public in portions of Fayette County; and

WHEREAS, the PAWC requires an additional supply of water to be used to supply that portion of its certificated service territory; and

WHEREAS, Authority has water of sufficient volume and pressure to supply to PAWC for this purpose, and is willing to provide PAWC with an additional supply of water for such use; and

WHEREAS, it is the intention and desire of both parties that such delivery and sale of water shall be in accordance with and governed by the terms and conditions of this Agreement and applicable federal, state and local laws, regulations and ordinances.

NOW, THEREFORE, in consideration of these presents and the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound by the terms hereof, covenant and agree as follows:

1. Term: Upon approval of this Agreement by the Pennsylvania Public Utility Commission (hereinafter referred to as "Pa.PUC") and receipt of a subsidiary water allocation permit from the Department of Environmental Resources (hereinafter ("Pa.DER")) for the purposes stated herein, the Authority shall sell and deliver to PAWC, and PAWC shall purchase and take delivery from Authority, a supply of water on an as-needed basis in the quantity provided in paragraph 3 of this Agreement. From the date said supply of water is first taken, said supply of water will continue to be provided by the Authority and taken by PAWC for a period of twenty-five (25) years. If either party desires to terminate this Agreement at the end of the initial twenty-five (25) year term, it may do so by giving to the other party written notification of its desire to cancel at least ten (10) years prior to the expiration of the original twenty-five (25) year period. If such cancellation notice is not delivered, this Agreement shall be automatically renewed for additional consecutive periods of ten (10) years, each to commence upon the expiration of the original period and each period thereafter. During any extension period, this Agreement may be canceled by either party's giving written notice to the other by at least the first (1st) year of any extended period.

2. Facilities: The Authority will deliver water at the existing Wine Street connection, and at any other future locations mutually agreed to by both parties. PAWC shall be responsible for all maintenance costs of all meter pit facilities excepting the meter which will be owned and maintained by Authority. The quantity of water delivered by Authority to PAWC shall be measured through an 8-inch meter at the point of connection. The said meter shall be available for inspection by PAWC's representatives, and Authority shall at the request of PAWC test the same for accuracy of registration once in each

contract year, at Authority's expense. PAWC may request more frequent tests of the said meter, but in the event that it does so, it shall pay the cost thereof if upon testing, the meter is found to be registering within the limits of accuracy established by the Pa.PUC.

3. Water Supply:

a. Authority agrees to sell and PAWC agrees to purchase a minimum quantity of four hundred million (400,000,000) gallons per year for the first five (5) years. Thereafter, the yearly minimum may be increased or decreased by mutual agreement of the parties based upon the previous five years' actual usage. The total volume of water delivered will be reconciled on January 31st in each succeeding year of this Agreement to insure the minimum purchase described herein.

b. Water service shall be provided in accordance with the rules and regulations of the Authority, which from time to time may be amended. The Authority shall not adopt or implement any rules or regulations which discriminate against PAWC.

c. Authority agrees to provide potable water meeting federal, state and local drinking water standards and regulations in the quantity, quality and at the minimum pressure of 100 p.s.i. In addition, the Authority agrees to provide flows attributable to normal growth over the term of this Agreement and any extension(s) thereof.

d. The chlorine residual in the purchased water must be sufficient to assure compliance with the microbiological maximum contaminant level in accordance with section 109.710 of the Pennsylvania Safe Drinking Water Act Rules and Regulations and in no event less than 1.0 ppm free available at the point of connection.

e. At the point of connection, the purchased water pH must not be below 7.0, and corrosion control must be practiced at the Authority's treatment plant. pH adjustment shall be used for corrosion control on the distribution system. The Langelier Index shall not be less than -1.0 at any time. Regardless of whether or not the Authority's distribution system elects to use pH adjustment or corrosion inhibitors, the corrosion rate on the distribution system as measured by mild steel corrosion coupons shall not be greater than 5.0 mils. per year as an annual average of four quarterly samplings in which coupons have been exposed to the distribution system for sixty (60) days. Once the Authority has installed optimum corrosion control treatment in accordance with 40 CFR Par 141.81, the Authority shall meet the requirements established in 40 CFR Part 141.82(f) by the applicable primacy agent in the PAWC distribution system. If PAWC finds during routine sampling that any of the parameters are not within the limitations designated by the primacy agent, PAWC shall immediately notify the Authority, and the Authority shall immediately make the necessary adjustments at the Authority's water treatment plant to maintain the applicable water quality parameter(s) within the specified range.

f. The Authority agrees to sample its water supply at least the minimum number of times required by Pa.DER. All results of samples shall be sent to PAWC monthly.

The Authority agrees that the sampling shall include trihalomethane, primary and secondary pollutants, volatile organic chemicals, synthetic organics and inorganics at least quarterly and for giardia cysts at least twice annually, as well as any other sampling required by Pa.DER for compliance under the Pennsylvania Safe Drinking Water Act.

g. If a problem or suspected problem with said water quality or quantity is discovered, the Authority shall notify PAWC of the problem no later than one (1) hour after its discovery and prior to any public notification.

h. The Authority shall supply water to the PAWC distribution system which meets all applicable regulations, standards, and maximum contaminant levels for trihalomethanes, disinfection byproducts, and any other compound formed through the application of a disinfectant or oxidant to the source water at the Authority's treatment plant. Said regulations, standards, and maximum contaminant levels shall be met at the applicable points of sampling in the PAWC distribution system.

4. Payment for Water Purchased:

a. PAWC will pay for water purchased under this Agreement at the prevailing bulk rate of One Dollar and Sixty-Five Cents per One Thousand Gallons (\$1.65/1000 gallons) for the first five years of this Agreement. Thereafter, the rate for water will be charged at the same level (\$1.65/1000 gallons) plus the increase in the Consumer Price Index (CPI) each year for a period of ten (10) years. Authority agrees to notify PAWC at least sixty (60) days before a revision in the water rate takes effect.

b. In the event of water supply contamination traceable to the Authority, whether or not due to its fault, the Authority will not charge for any water during flushing of PAWC's pipelines. In addition, should the Pa.PUC reduce the rates charged by PAWC to its customers due to such contamination, the same percentage reduction will be made in the amount owed by PAWC to the Authority for water consumed during the equivalent period.

5. Management Operation and Maintenance Services:

a. The Authority shall furnish, own and maintain the meters at the points of connection of the water systems as previously referred to in paragraph 3 of this Agreement. The Authority agrees to maintain its facilities in such manner that will not jeopardize service to PAWC. In no event shall such maintenance be less than that recommended by the American Water Works Association ("AWWA") or Pa.DER in its Water Supply Manual, whichever standards are more stringent.

b. The Authority shall operate and maintain its treatment plant in accordance with federal, state and local standards and regulations, including Pa.DER's Water Supply Manual, whichever is more stringent, and shall specifically comply with all guidelines pertaining to chlorine contact time and maximum filtration rate.

c. The Authority shall furnish upon request to PAWC a copy of its water quality and operational reports as submitted to Pa.DER. In addition, the Authority agrees to furnish PAWC upon request copies of its Annual Water Supply Report, Watershed Inspection Report, Emergency Response Plan and Operation and Maintenance Plan.

d. In the event of a scheduled shutdown of the Authority's system, for whatever reason, PAWC will be notified at least seventy-two (72) hours in advance.

e. Authority is not, by this Agreement, responsible for water distribution service in PAWC's franchise area. PAWC shall have the sole responsibility for water distribution service. The lines from the point of taking shall be owned by PAWC. PAWC agrees to construct, at no expense to

Authority, any and all facilities needed in connection with the provision of water distribution service within the franchise territory.

f. In agreeing to provide water supply service as set forth in this Agreement, Authority is responsible only for water supply. Authority shall be free and exempt from, and shall not be liable for, any claim or injury to any persons or property resulting from fire or failure to supply sufficient water pressure, capacity or volume.

6. The sale and delivery of water by Authority shall be expressly conditioned upon receipt of a subsidiary water allocation permit to be obtained by PAWC from Pa.DER. All costs associated with the securing of said allocation permit shall be at the expense of PAWC including legal, engineering and administrative expenses. Authority agrees to provide PAWC with any information needed by PAWC for applying to the Pa.DER for a subsidiary water allocation permit.

7. PAWC agrees to provide Authority with any information needed by Authority for submission to Pa.DER or any other regulatory or governmental agency in connection with this Agreement. PAWC further agrees to take all actions necessary to comply with any requirements imposed by Pa.DER or any other regulatory or governmental agency.

8. The obligation of Authority to deliver to PAWC is limited by the understanding that while Authority will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in its supply of water to PAWC, Authority does not guarantee that such interruptions or fluctuations will not occur or that because of emergencies due to breaks, leaks, defects, or necessary repairs to its facilities, or because of strikes or acts

of God, or other causes beyond its control there may be periods during which it may be unable to deliver such quantity of water as PAWC requires.

9. In the event that Authority, Pa.DER or other duly authorized government bodies or officials, determine that restrictions or other curtailments of any nature on water usage are required, Authority agrees that it shall not discriminate against PAWC in the application of such restrictions or curtailments and that PAWC shall be treated in a like manner as the Authority's other customers.

10. Unless otherwise provided in this Agreement, the Rates and Regulations of authority now in effect and as hereafter adopted or amended shall apply to the sale of water by Authority to PAWC.

11. This Agreement does not obligate Authority to any customers in the PAWC service area. Neither such customers nor any other individuals or entities are third party beneficiaries of this Agreement.

12. Representations and Warranties of Authority: The Authority represents and warrants to PAWC as follows:

a. The execution, delivery and performance of this Agreement by the Authority have been duly authorized by its Board, and this Agreement constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

b. The execution and performance of this Agreement in accordance with its terms by the Authority will not violate any provision of law.

13. Conditions of PAWC Obligations: The obligations of PAWC under this Agreement shall be subject to the following conditions:

a. The Authority shall have delivered to PAWC a certified copy of its Board of Directors' resolutions authorizing the officials of the Authority to enter into this Agreement and to execute any and all documents necessary to effectuate the purposes of this Agreement.

b. The Pa.PUC shall have approved this Agreement.

14. Notices: All notices, demands, requests, and approvals which may be or are required to be given by any party hereto to the other party shall be in writing and shall be deemed to have been sufficiently given if deposited in the United States mail, registered, with registration and postal charges prepaid, to the address of the party stated below or to such changed address as such party may have fixed by notice:

To PAWC: 800 West Hersheypark Drive
Hershey, PA 17033

To Authority: S.W. Corner, U.S. Route 30 West
and South Greengate Road
PO Box 730
Greensburg, PA 15601

provided, however, that any notice of change of address shall be effective only upon receipt.

Whenever reference in this Agreement is made to any approval, consent, or permission required or permitted to be given by any of the parties hereto, such party covenants and agrees that its approval, consent or permission, as the case may be, shall not be unreasonably withheld.

15. Successors and Assigns: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement shall not be assigned by either party without the express written consent of the other party.

16. Whole Agreement - Alterations or Amendment: The whole agreement by the parties hereto is herein written and the parties are not bound by any agreement, understanding, or conditions otherwise than are expressly set forth and stipulated herein. No change, alteration, amendment, modification, or waiver of any of the terms or provisions hereof shall be effective unless the same be in writing and signed by the parties.

17. Counterparts: This Agreement may be executed in one or more counterparts, any and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Authority and PAWC have caused this Agreement to be executed by their respective duly authorized officers, under their respective seals, as of the day and year first above written.

ATTEST:

MUNICIPAL AUTHORITY OF WESTMORELAND COUNTY

Norman K. Sheridan
Secretary
(SEAL)

By: James L. Smith
Chairman

ATTEST:

PENNSYLVANIA-AMERICAN WATER COMPANY

A. Redmond
Secretary
(SEAL)

By: W. V. Wood
(Vice) President