

WATER FACILITIES LINE EXTENSION AGREEMENT

(“Agreement”)

between

PENNSYLVANIA-AMERICAN WATER COMPANY

and _____

EXHIBITS

Exhibit A – Development Description

Exhibit B – Water Facilities Description

Exhibit C Estimated Construction Cost

Exhibit D – Water Facilities Plan Specifications

Exhibit E – Form: Rights-of-Way and Easements

Exhibit F – Release of Liens

Exhibit G – Sample: American Water Certificate of Insurance

Agreement No. _____

WATER FACILITIES LINE EXTENSION AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 20__, by and between **PENNSYLVANIA-AMERICAN WATER COMPANY**, a Pennsylvania corporation with offices at _____ (hereinafter referred to as the "Company") and _____, with offices at _____, _____, _____ (hereinafter referred to as "Applicant").

WITNESSETH:

WHEREAS, Applicant proposes to construct (Development Name)_____ in phases known as _____. This agreement is for Phase _____ and I shall consist of _____(____).). _____ (Development Name) will be constructed on a parcel located in _____ Township, _____ County, Pennsylvania, all as shown and described on Exhibit A, attached hereto and made a part hereof and hereinafter referred to as "**Development**"; and

WHEREAS, the Company is a public water utility having a Certificate of Public Convenience issued by the Pennsylvania Public Utility Commission ("PUC" or "Commission") for a service area that includes the Development and is following the terms of Section 23 of the Rules and Regulations in its approved water tariff; and

WHEREAS, Applicant desires that the Company furnish water service to the Development pursuant to the terms and conditions contained herein; and

WHEREAS, the Company is willing to furnish public utility water service to and within the Development through a direct connection to its existing water system; and

WHEREAS, to meet the public utility water service needs of the Development, certain water mains and associated appurtenances (hereinafter collectively referred to as the "Water Facilities"), as described on Exhibit B, attached hereto and made a part hereof, must be designed and constructed; and

WHEREAS, Applicant is willing to arrange and pay for the design, construction and installation of the Water Facilities.

NOW, THEREFORE, for and in consideration of the mutual promises hereinafter contained and for other good and valuable consideration, the mutual receipt of which is hereby acknowledged, the parties agree as follows:

1. The foregoing recitals or "Whereas" clauses are incorporated herein by reference.

2. Applicant shall design, construct, and install or cause to be designed, constructed, and installed, at no cost to the Company, the Water Facilities including, but not limited to costs of: engineering, materials, labor, legal matters, water used, transportation, equipment, necessary permits and approvals, testing, disinfection, corrections, preparation of as-built drawings, insurance, and bonds. Said Water Facilities shall consist of water transmission mains, distribution mains, valves, valve boxes, fittings, fire hydrants, street service connections to the property line on each lot shown on Exhibits B, and all other material and equipment. The meter pit shall be furnished by the Applicant and remain the property of the Applicant. The Company shall furnish a water meter per its tariff. If booster pumps and/or storage tanks are required, these facilities shall be administered under a separate agreement. The Applicant agrees that the installation and materials selected for the extension shall conform to the Company's specifications and shall be installed by the Company's pre-qualified contractor that is retained by the Applicant. The Applicant's cost for the design, construction, and installation of said Water Facilities shall be subject to refund pursuant to the provisions of paragraph 14 of this Agreement. Prior to beginning construction, the Applicant shall provide estimated construction costs for the Water Facilities in a manner provided for in Exhibit C. The Company must approve the Applicant's estimated construction costs.

If permits, zoning, or other approvals are required of the Company to complete the construction of the Water Facilities, then the Company, based on its sole determination that it is necessary for the Company to apply for said permit, zoning or other approval, shall sign for and/or apply for such permits, zoning and other approvals as required by the approving authority.

3. ENGINEERING AND INSPECTION FEES: Upon execution of this Agreement, the Applicant shall advance to the Company \$_____, the estimated cost of the administration, engineering, inspection, and preparation of as-built drawings including locating the Water Facilities by global position system (GPS) (hereinafter referred to as "E & I") of the Water Facilities. Upon completion of the installation of the extension, the Company will provide the actual costs of E & I to the Developer. If the advance provided is less than the actual costs, the Developer shall provide the difference between the actual and the advance to the Company within ten (10 days) of notice. In the event that the advance exceeded the actual charges, the Company will refund any excess amount deposited. The Company will not issue refunds where Applicant owes additional E & I Costs to the Company.

4. The Company, at its sole option and cost, reserves the right to "oversize" said Water Facilities. If the Company exercises the right to oversize, it shall pay for the difference in the price of the material necessary for the oversized pipe or appurtenances versus the material price of the pipe or appurtenances necessary to service the Development.

5. Applicant shall prepare all applications or other documentation necessary to obtain all requisite permits, zoning and other approvals for the construction of said Water Facilities. Applicant and its contractors shall comply with all conditions imposed in all permits. All plans, specifications, construction, and installation of said Water Facilities shall be in accordance with good utility practices, conform to the specifications contained in Exhibit D, attached hereto and made a part hereof, adhere to the rules, regulations, and requirements of

the Pennsylvania Department of Environmental Protection, and meet the requirements of all other governmental agencies having jurisdiction thereover. Any required approvals shall be in writing. Additionally, all of said plans and specifications shall have the written approval of the Company before construction is commenced. Approval by the Company will not be unreasonably withheld or delayed.

6. Applicant acknowledges that it is required to install an approved pressure reducing valve as per the Company specifications if the water pressure exceeds 100 psig. In addition, Applicant agrees that it and/or any successor builder will comply with the Pennsylvania "Plumbing System Lead Ban and Notification Act" and any regulation related to lead-free plumbing enacted by the Pennsylvania Department of Environmental Protection.

7. For Water Facilities constructed under this Agreement, Applicant agrees that no customer owned service line shall be installed and connected to the Water Facilities unless a signed application for water service is on file with the Company. Applicant acknowledges that an application for water service will not be approved by the Company until Applicant provides adequate security and protection for a water meter, or an approved meter vault has been installed and inspected and approved by the Company. Applicant further acknowledges that it and/or a subsequent builder, agent, subcontractor, or assignee who unlawfully connects and activates any water service line, and uses water without complying with the requirements contained in this paragraph 7, may be subject to criminal prosecution for theft of service, as provided for in the Pennsylvania Criminal Code.

8. Applicant shall comply with the inspection and testing requirements of the Company for said Water Facilities, which requirements shall be reasonable and shall not cause Applicant unwarranted delays in the ordinary course of construction. Applicant shall provide the Company with not less than 24-hour notice when the Water Facilities are ready for inspection and testing, and the Company shall inspect promptly after being so notified. Applicant shall be responsible for payment of all water used in the water main testing and construction. In addition, Applicant

shall be responsible for the payment of any disinfection that is necessary. The Company specifically reserves the right to withhold acceptance of said Water Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to the Company upon inspection and testing. Upon request by the Company, Applicant agrees that it will promptly correct all defects and deficiencies in construction, materials, and workmanship made subsequent to its inspection and for two (2) years following the Company's written acceptance of said Water Facilities. Nothing herein shall relieve or limit Applicant's responsibility and liability for construction and installation of said Water Facilities in accordance with the terms of this Agreement.

9. In consideration of the Company's commitment to provide potable water service to the Development and in accordance with the Company's approved tariff, all materials installed, facilities constructed, and equipment provided, through the efforts of the Applicant, in connection with construction of the Water Facilities, under this Agreement, and placed in service shall become the sole property of the Company as installed, and full legal and equitable title thereto shall be then vested in the Company, free and clear of all liens, without the requirement of any written document of transfer to the Company. However, Applicant agrees to execute or cause to be executed promptly such documents as the Company may request to evidence good and merchantable title to said Water Facilities free and clear of all liens. All risk of loss shall be with Applicant until written acceptance of said Water Facilities, or any portions thereof, by the Company. Thereafter, risk of loss shall be with the Company. Applicant shall repair or cause to be repaired promptly, at no cost to the Company, all damage to the Water Facilities caused by construction operations within the Development until all Development construction for the Applicant has been completed. After the Company has placed in service and accepted in writing the Water Facilities, it will maintain, repair, and replace the Water Facilities as needed subject to the warranty provisions of the Agreement.

10. Applicant shall, at no cost to the Company, grant or cause to be granted to the

Company perpetual rights-of-way and easements for said Water Facilities in the form contained in Exhibit E attached hereto and made a part hereof. These rights-of-way and easements shall be provided to the Company at time of execution of this Agreement. Upon execution of the rights-of-way or easements, the Company will return the document(s) to the Applicant. The Applicant shall record the document(s) with the County's Recorder of Deeds and return one copy of the recorded document to the Company.

It shall be the obligation of the Applicant to furnish an executed private or public fire hydrant agreement, when required, at the time of execution of this Agreement.

11. Applicant shall have its Water Facilities contractor execute a Stipulation Waiver of Right to File Liens as shown on Exhibit F. This stipulation shall be provided to the Company at time of execution of this Agreement.

12. Applicant shall, within sixty (60) days of acceptance of the Water Facilities by the Company, furnish the Company with the following:

Copies of all bills, invoices, and other statements of expenses incurred by Applicant (or others), covering all of the costs of materials, equipment, engineering, supplies, construction, and installation of the Water Facilities evidencing Applicant's amount of payments to all contractors, subcontractors, vendors for all materials, equipment, supplies, labor, and other costs of construction of the Water Facilities.

13. It is mutually understood and agreed that the charges for water service to the residents of the Development shall be at the applicable rates of the Company on file with the PUC, which rates are subject to change from time to time upon application of the Company and as approved by the PUC.

14. The cost of design, construction, and installation of the Water facilities, as evidenced by invoices furnished in paragraph 12, shall be advances in aid of construction subject to refunds by the Company to Applicant. The Company hereby agrees to refund to the Applicant, during the period of ten years from the execution date of this Agreement, a per

customer refund amount for each additional customer for whom a street service connection shall be directly connected to the Water Facilities. The per customer refund, for a residential customer, shall be determined as follows: for each street service connection made for a residential customer, the refund will be three times the average annual revenue of a residential customer. The average annual revenue for residential customers will be based upon the calculation set forth in the Company's last approved base rate case. The refund per residential customer will be \$_____. For non-residential customers, the refund shall be equal to the actual revenue the Company receives for the first twelve months of water sales to that specific customer.

In order to be entitled to refunds, Applicant must be in compliance with the terms and conditions of this Water Facilities Line Extension Agreement. The Company may refuse to provide earned refunds where Applicant owes additional dollars to the Company for the project in this Agreement or any other Water Facilities Extension Agreement. Notwithstanding the foregoing, however, the total amount refunded shall not exceed the final construction costs of the Water Facilities. The Applicant may request refunds per Paragraph 14, once in each calendar quarter, furnishing the Company, at such time, a listing of additional customers. However, the failure on the part of the Applicant to make such a request shall not constitute a waiver of any rights hereunder to relieve the Company of the obligation to make refunds with reasonable promptness.

15. Prior to the commencement of construction of the Water Facilities, Applicant's contractor, having responsibility for the installation of the Water Facilities, shall furnish the Company with appropriate Certificate of Insurance coverage effective during the period of construction in the following types and amounts:

- (i) Workmen's compensation in the benefit amounts, and occupational disease disability insurance, as required by the laws and regulations of the Commonwealth of Pennsylvania.

(ii) Comprehensive general liability insurance, including operations and protective liability coverage, with limits of not less than Ten Million Dollars (\$10,000,000) combined single limit for bodily injury (including death) and property damage. When the work to be performed requires blasting, Developer's insurance shall specifically cover the risk. PENNSYLVANIA-AMERICAN WATER COMPANY shall be named an additional insured under this policy.

(iii) Comprehensive automobile liability insurance covering all owned and non-owned automobiles or trucks used by or on behalf of Developer with a combined single limit of \$1,000,000, in connection with the work contemplated by this Agreement.

(iv) All other coverage and Waiver of Subrogation as set forth in the attached Exhibit G American Water Certificate of Insurance Sample.

16. Applicant agrees that it will not request service to the Development prior to the completion of said Water Facilities and acceptance thereof by the Company.

17. The Company will endeavor to maintain satisfactory and continuous service, but does not guarantee a continuous supply of water service. The Company shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service, or any claims arising under or out of this Agreement caused by Acts of God or the public enemy, inevitable accidents, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or actions, or any order of any commission or tribunal having jurisdiction in the premises; or, without limitation by preceding enumeration, any other act or thing reasonably beyond its control

or incident to interruptions necessary for repairs or changes in the Company's water production, storage, transmission, or distribution facilities.

18. Applicant hereby agrees to hold and save the Company harmless from and against any and all damages, or liability therefore, loss, costs, charges, reasonable attorneys' fees, and/or expenses of whatsoever kind or character which the Company shall or may, at any time suffer, sustain, or incur by reason of or in consequence of any negligent actions of the Applicant, or its agents, employees, or contractors, in connection with any of the provisions of this Agreement. Applicant hereby assumes responsibility and liability for the injury or death of any person, or loss of damage to any property contributed to or caused by the negligence of Applicant, or its agents, employees, or subcontractors, in the execution of any work in connection with this Agreement, not involving any negligence of the Company or its agents, employees, or contractors. In case any suit or other proceeding shall be brought on account of any matter covered by the indemnification specified in this paragraph 18, Applicant will assume the Company's defense at Applicant's expense and will pay all final judgments rendered thereon.

19. Applicant shall prepare and submit to the Company all necessary data, redlined drawings, and electronic drawings within ninety days after acceptance of Water Facilities. The record drawings files shall conform to the Company's AutoCAD standards, a coordinate correct AutoCAD format using PA State Plane coordinate system South, NAD83, U.S., ft. Field data information, sketches, working drawings, if applicable, provided by the Company are to be incorporated into the record drawings. The record drawings shall include all of the above and below grade changes from the original design drawings. Changes made to reflect the "as-installed" conditions shall be made in the same level of detail and to the same degree of drafting quality as the original design drawings. The consultant shall submit three (3) hard copies of the record drawings. Record drawings will be in the PA State Plane coordinate system South, NAD 83, U.S., ft. X, Y, and Z coordinates are required in an Excel format. The locations, by

reference to fixed objects which will not be obscured by storm or snow, and respective sizes of all Water Facilities must be shown. As-Built Drawings and AutoCAD files are to be provided indicating the location of the main and permanent site features, including field sketches of main line valves, fittings, service valves by lot number, hydrant valves, and appurtenances thereto and also, indicating the location of any easements. Water pipeline markers are to be installed in rights-of-way area along water main at each valve location. All measurements must be taken from permanent structures. The Company will verify the Applicant's as-builts using GPS.

20. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.

21. Communications hereunder shall be sent to Applicant, addressed as follows:

or to such other address as Applicant may advise the Company in writing, and to the Company at:

PENNSYLVANIA-AMERICAN WATER COMPANY

or to such other address as the Company may advise Applicant in writing.

22. It is agreed that the Company is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant, and that Applicant is not an agent of the Company and shall not incur any costs or expenses on behalf of the Company.

23. This Agreement shall be governed by the laws of the Commonwealth of

Pennsylvania.

24. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related. There are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties in order to be enforceable.

25. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. However, Applicant shall not assign its rights, obligations, and interests in this Agreement without prior written notice to and the written approval from the Company. Such approval shall not be unreasonably withheld. The provisions of this Agreement concerning refunds shall not require the Company to allocate the refund to more than one assignee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in triplicate as of the day and year first above written.

THE COMPANY:
PENNSYLVANIA-AMERICAN WATER COMPANY

By: _____
Name: _____
Title: _____

APPLICANT:

By: _____
Name: _____
Title: _____

Exhibit A
Development Description

Exhibit B
Water Facilities Description

Exhibit C
Estimated Construction Cost

Exhibit D
Water Facilities Plan Specifications

Exhibit E
Form: Rights-of-Way and Easements

Exhibit F
Stipulation Waiver of Right to File Lien

Exhibit G
Sample: American Water Certificate of Insurance

