

AGREEMENT

THIS AGREEMENT, made this 1 day of May, 2006, by and between:

The SAXTON BOROUGH MUNICIPAL AUTHORITY, Located at P.O. Box 173, Saxton, Bedford County, PA, a body corporate and politic of the Commonwealth of Pennsylvania (hereinafter called "Saxton"), party of the first part,

AND

The TOWNSHIP OF HOPEWELL, Located at R.R. 1 Box 95, James Creek, PA 16657, Huntingdon County, PA, a body corporate and politic of the Commonwealth of Pennsylvania (hereinafter called "Hopewell Township"), party of the second part.

WITNESSETH THAT:

WHEREAS, Saxton has previously constructed a 400,000 gallon per day permitted capacity sewage treatment plant (hereinafter referred to as the "STP") to serve the Borough of Saxton and portions of Hopewell Township contiguous to the Borough, and

WHEREAS, Hopewell Township desires to construct a sewage collection system extension to the Puttstown area of the Township and convey its sewage to the Saxton STP via interceptor sewers, pumping stations, and force mains, and

WHEREAS, the service area for the proposed collection system shall serve the portion of Hopewell Township known as Puttstown as outlined in the Township's ACT 537 Sewage Facilities Plan as approved by the Pennsylvania Department of Environmental Protection.

WHEREAS, Saxton and Hopewell Township are desirous of entering into this Agreement upon the terms, covenants, and conditions as hereinafter provided;

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ARTICLE II Definitions

Unless the context specifically and clearly indicated otherwise, the meaning of terms and phrases used in this Agreement shall be as follows:

- A. "Agreement" means this Service Agreement between the Saxton Borough Municipal Authority and the Township of Hopewell, in which the Saxton Borough Municipal Authority agrees to receive, treat, and dispose of the sewage from the Township of Hopewell.
- B. "Allotted Organic Loading" refers to the Township of Hopewell's allowable daily contribution of biodegradable material that can be utilized for food by naturally occurring microorganisms within a reasonable length of time. The "Allotted Organic Loading" permitted to the Township of Hopewell is quantified in units of pounds of BOD₅ per day and based on a monthly average of at least four (4) weekly samples.
- C. "BOD₅" (Biochemical Oxygen Demand) refers to the amount of oxygen consumed during microbial utilization of organics in a controlled environment for five days, as set forth in the latest edition of standard methods for the Examination of Water and Wastewater published by the American Public Health Association, ~~latest edition.~~
- D. "Commercial User" refers to any room, group of rooms, building or enclosure used or intended for use in the operation of one business enterprise for the sale and distribution of any product, commodity, article or service or used or intended for use for any social, amusement, religious, education, charitable or public purpose and containing plumbing facilities for kitchen, toilet or washing facilities that discharges wastewater to the sewage treatment facilities.

- E. "Consumer Price Index" is a monthly index based on the composite cost of selected goods and services used by working-class households based on 1967 costs as compiled by the federal government.
- F. "DEP" (Department of Environmental Protection) is the state department that permits, regulates and enforces all construction, maintenance and operation of all sewage treatment facilities.
- G. "Domestic Waste" means the normal water-carried household and toilet wastes from any improved property.
- H. "Force Main" refers to a pressurized sewer line that transfer wastewater from a sewage pump station.
- I. "Saxton" in this Agreement refers to the Saxton Borough Municipal Authority.
- J. "Hopewell Township" in the Agreement refers to the Township of Hopewell, Huntingdon County.
- K. "Industrial User" refers to any room, group of rooms, building or enclosure used or intended for use, in whole or in part, in the operation of one business enterprise for manufacturing, fabricating, processing, cleaning, laundering or assembling any produce, commodity or article or from which any process waste, as distinct from domestic waste, that discharges waste water to the sewage treatment facilities.
- L. "Industrial Wastes" refers to any solid, liquid or gaseous substance or water borne wastes or form of energy rejected or escaping in the course of any industrial, manufacturing, trade or business process or in the course of development, recovery or processing of natural resources, as distinct from domestic wastes.

- M. "NPDES" (National Pollutant Discharge Elimination System) refers to a DEP Permit which contains the rules, regulations and sewage treatment plant effluent limits that must be complied with in order to discharge treated wastewater to the surface waters of the Commonwealth of Pennsylvania.
- N. "Organic Loading" refers to the amount of biodegradable organics (starches, fats, proteins, alcohols, acids, aldehydes, and esters) and nonbiodegradable organics (tannic and lignic acids, cellulose, and phenols) that are discharged to the sewage treatment facilities.
- O. "pH" refers to the logarithm to the base 10 of the reciprocal of the hydrogen ion concentration expressed in moles per liter. It shall be determined by one of the acceptable methods described in the latest edition of Standard Methods for the Examination of Water and Wastewater published by the American Public Health Association.
- P. "Present Allotted Flow" refers to Township of Hopewell's allowable daily contribution of wastewater flow. The "Present Allotted Flow" permitted to Township of Hopewell is quantified in units of gallons per day.
- Q. "Pumping Station" refers to a location in a sewage collection system where wastewater is collected and pumped through force mains.
- R. "Puttstown" refers to the village of Puttstown in the Township of Hopewell adjacent to the Saxton System.
- S. "Sewage" means normal water-carried household and toilet wastes and/or industrial wastes.
- T. "Sewage Collection System" refers to all facilities, as of any particular time, for collecting and conveying sewage.

- U. "Sewage Treatment Facilities" refers to all facilities, as of any particular time, for collecting, conveying, treating, and disposing of sewage.
- V. "STP" refers to Sewage Treatment Plant.
- W. "Sewage Treatment Fee" as it relates to Township of Hopewell is a fee that is based on actual costs incurred by the Saxton Borough Municipal Authority. These costs are the costs incurred for the Saxton Borough Municipal Authority to accept and treat the sewage from the Township of Hopewell.
- X. "Sewer Tapping Fee" is a fee based on the sewage treatment plant cost and proposed capacity that will be used as a result of the Township of Hopewell connection.

ARTICLE III Collection System Construction

The parties agree that Hopewell Township will construct, at its expense, the Puttstown interceptor sewers, pumping stations, and force mains capable of conveying sewage from the Puttstown area of Hopewell Township to Saxton within the drainage area contiguous to the project and at the flows described below. The current project to be constructed by Hopewell Township will consist of the following:

- * 7,300 linear feet of conventional gravity sewer and appurtenances
- * 1 pumping station with 1,200 linear feet of force main

ARTICLE IV Flow Measuring

The parties agree that Hopewell Township will construct, at its expense, a flow measuring device that will accurately measure the entire flow from the Puttstown collection system prior to combining with Saxton's flow. The flow measuring device shall thereafter be maintained by Hopewell Township and its use shall be subject to all terms and conditions as hereinafter provided. The device shall be located on Hotnisky Street upstream from Liberty Township Municipal Authority manhole #820. All Hopewell Township connections must be made prior to manhole #820.

It is the intention of the parties to accurately and continuously measure the volume of sewage from the Puttstown area of Hopewell Township. The measuring device shall be installed in satisfactory structures, the design, construction, and location of which shall be satisfactory to, and approved by Saxton's Engineer and Hopewell Township's Engineer. Hopewell Township must make all connections prior to the metering manhole. Hopewell Township further agrees to maintain their measuring device in proper condition and make all necessary repairs promptly. Either party shall have the right to check the accuracy of the measuring device at its own expense at any time it so desires. Saxton shall have access to all records pertinent to determining the measurement of sewage flow, but the reading, calibrating, and adjusting thereof shall be done by Hopewell Township. Hopewell Township shall prepare a written report of all flow measurements and furnish the same to Saxton within fifteen days after the end of each month based upon a daily flow record basis.

All test data, charts and other similar records shall be preserved for a period of at least five years.

Saxton and Hopewell Township agree to the following flow measuring accuracy criteria and calibration procedures for operation of their respective flow measuring devices.

If, upon any test, the percentage of inaccuracy of any measuring device is found to be four percent (4%) or less, such measuring device shall be deemed to have correctly measured the quantity of sewage delivered. If, however, upon any test the percentage of inaccuracy is found to be in excess of four percent (4%), then such flow measuring device shall be adjusted at once to register within the allowable range and accounts shall be adjusted for a period extended back to the time when such inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back one-half (1/2) of the time elapsed since the date of the last test, or, the date of the last adjustment to correct the registration, whichever is later, not to exceed ninety (90) days. If, for any reason, the flow measuring device is out of service or out of repair, or the amount of sewage received cannot be ascertained or computed from the reading thereof, sewage received during the period shall be estimated and agreed upon by the parties upon an average basis of the best data available. For such purpose, the best data available shall be deemed to be the average of the latest three flow measurement readings or the registration of any previous check of the flow measuring device.

ARTICLE V

Capacity Allocation for Hopewell Township

The parties agree that Hopewell Township will be allotted 12,000 gallons per day of sewage treatment at the STP for the Puttstown area. This allotment will be based on the average daily flow calculated for each month.

Therefore, the parties agree that Saxton will treat 12,000 gpd of sewage generated within the Puttstown area of Hopewell Township at the Saxton STP in consideration of the construction of the items described in ARTICLE III of this Agreement.

ARTICLE VI Treatment and Collection Fees

1. The parties agree that Saxton's Engineer shall compute in writing Hopewell Township's sewage treatment fee for the use of the Sewage Treatment Facilities as set below. Hopewell Township's Engineer is to review, comment upon, revise and approve these calculations, in writing, but its approval may only be withheld if the provisions of this Agreement are not followed.

In order to compute said sewage treatment fee, Saxton's Engineer shall estimate the annual Sewage Treatment Facilities operating costs according to the criteria set forth in Article VII.

The flow measuring device located in LTMA manhole #820 will be read and tabulated monthly by Hopewell Township. The readings shall be furnished to Saxton within 15 days after the end of each month. After readings have been furnished, Saxton will send billing to Hopewell Township. Payment is expected within 45 days of billings. After 45 days, interest at the rate determined by law will be added. The payment due on a monthly basis will be calculated using the following formula:

$$A \div B \times C = D$$

- A. Total Monthly Flows from Hopewell Township as Derived from Meter Readings.
- B. Total Flows at the Saxton Treatment Facility
- C. Monthly Budgeted Eligible Treatment & Conveyance Expenses
- D. Hopewell Township Monthly Payment

Following the close of each calendar year an annual settlement shall occur to correct any differences between Saxton's annual budgeted expenses and the actual audited expenses. Following a comparison of the two figures a debit or credit shall be issued by Saxton to Hopewell Township. This shall be calculated by multiplying the difference by the annual percent flow produced by Hopewell Township.

2. In accordance with Act 57, the sewer connection fee shall be calculated based on the allotted capacity of 12,000 gallons per day multiplied by the current unit capacity cost of \$5.03 per gallon per day. The calculation is as follows:

$$12,000 \text{ gpd of capacity} \times \$5.03/\text{gallon} = \$60,360$$

* A copy of the Act 57 Calculation is attached for reference.

Once the monthly average of the daily flows from Hopewell Township exceed 12,000 gpd, any additional connections to the system will be required to pay the current sewer connection fee as assessed by Saxton, in addition to any sewer connection fee assessed by Hopewell Township or the Liberty Township Municipal Authority. Following the initial construction of the system, any new connections to the system must complete an application for sewage service as provided by Saxton.

ARTICLE VII Treatment Rate Adjustments

The parties agree that rate adjustments to be charged to each party for the use of the Sewage Treatment Facilities for the entire term of this Agreement shall be calculated in writing by, Saxton's Engineer, and be assessed proportionally between Hopewell Township and Saxton. Hopewell Township hereby covenant to enact, keep in effect and enforce a schedule of sewer rental rates or other charges sufficient to enable Hopewell Township to make payments to Saxton. In order to apportion such costs, the parties agree that the annual cost factors upon

which Saxton shall structure its sewage treatment service rates shall include payment for reasonable, proper, and necessary costs strictly associated with the operation and maintenance of the Sewage Treatment Facilities and all portions of the collection system and pump stations that are utilized by Hopewell Township to convey sewage to the STP, including, without limiting the generality of the foregoing:

1. Salaries and Wages
2. Employee Benefits:
 - Hospitalization,
 - Social Security,
 - Group Insurance,
 - Other
3. Clerical Work
4. Power
5. Fuel
6. Telephone
7. Chemical
8. Equipment and Vehicle Expense
9. Insurance
10. Repairs, replacement parts, and Capital Additions (unless directly related to increasing the STP's capacity to handle additional flow)
11. Maintenance of buildings and grounds
12. Contract fees to others, such as sludge hauling and disposal
13. Engineering
14. Legal
15. Administrative

Saxton, so long as it operates the Sewage Treatment Facilities, shall maintain accounting records of all its sewer related accounts and perform, or have performed, audits of the records, which will, as nearly as may be possible, allocate the expenditures incurred in the operation of the Sewage Treatment

Facilities and associated collection facilities. Saxton shall furnish copies of the audits to Hopewell Township, and the books and records concerning the expenditures and allocation thereof shall be available during normal business hours for inspection by a designated member of Hopewell Township and/or an accountant and/or engineer duly appointed by Hopewell Township.

ARTICLE VIII Penalties for Exceeding Treatment Thresholds

1. The parties agree that if Hopewell Township should surpass its allotted flow for the Puttstown area, it will be charged an additional fee payable to Saxton. The additional fee shall be calculated as follows:
 - a. The average daily flow calculated for the month less the
 - * Present allotted flow, will be the Additional allotment of flow required.
 - * Present allotted flow is the allotted flow at the time the Puttstown area of Hopewell Township surpass its allotted flow. (Present allotted flow at the execution of this Agreement is 12,000 gpd.)
 - b. The Additional fee required for that flow over the present allotted flow, will be the Additional allotment of flow required multiplied by \$0.00291/gpd as determined yearly pursuant to Article VII, multiplied by the Cost of Living increase from the Consumer Price Index for the execution of this Agreement until the time of the additional allotment and multiplied by a 1.20 penalty factor.
 - c. Any additional fees paid by Hopewell Township shall be expended by Saxton, at their discretion, to operate their treatment and collection system.

This fee will be due and payable within 45 days of billing from Saxton. If not paid within the 45 day period, Hopewell Township will pay Saxton an additional 2% per month charge. If Saxton does not have capacity for this additional flow at the STP, Hopewell Township will be required to eliminate these additional flows by whatever means deemed necessary.

If it is determined that the Puttstown area of Hopewell Township has surpassed its allotted flow, Hopewell Township will make every effort to reduce the flow to bring it within the agreed-upon limit. Following the grace period, if the Puttstown area of Hopewell Township surpasses its allotted flow during any month of that calendar year, Saxton will assess Hopewell Township the fee described and calculated above. It is Saxton's intention to permit Hopewell Township only one grace period within any five year period of this Agreement. If the Puttstown area of Hopewell Township exceeds its allotted flow at any time after the grace period, but prior to the expiration of the five year period, Saxton will immediately assess Hopewell Township the fee described above. The first five year period begins to run as of the date of execution of this Agreement. Each succeeding period shall commence immediately upon conclusion of the preceding period.

In the event of a malfunctioning flow measuring device, Hopewell Township will not be assessed the fee described and calculated above. A grace period will not be initiated by the result of a malfunctioning flow measuring device. However, timely and accurate repair of the flow measuring device will be required. During the ^{ad}vent of a malfunctioning flow measuring device, the methods described in Article 2 will be used to determine flow data. X

2. If for any reason Saxton believes that Hopewell Township is contributing an excessive amount of organics to the system, Saxton, at its sole cost and expense, will have the option to sample the sewage entering the collection system and determine the organic loading. The sampling and testing methods shall be the same as required at the STP.

Sampling and testing methods shall consist of a minimum of four (4) weekly sampling events to derive a monthly average. Once this monthly average is calculated a determination shall be made at that time by Saxton's Engineer regarding the organic loading. If, in the engineer's opinion, the organic loading is

found to be excessive, Hopewell shall be notified of the findings. Hopewell shall be provided the opportunity to review the data used to make the determination. Saxton reserves the right to assess a penalty for excessive organic loadings.

If it is determined that Hopewell Township has surpassed their allotted maximum organic loading, Hopewell Township will be permitted a three-month grace period, during which Hopewell Township will make every effort to reduce the organic loading to bring it within the agreed-upon limit. Following the grace period, if Hopewell Township surpass their allotted organic loading during any month of that calendar year, Saxton will assess Hopewell Township a penalty fee. It is Saxton's intention to permit Hopewell Township only one grace period within any five year period of this Agreement. If Hopewell Township exceeds its allotted organic loading at any time after the grace period, but prior to the expiration of the five year period, Saxton will immediately assess Hopewell Township the fee described above. The first five year period begins to run as of the date of execution of this Agreement. Each succeeding period shall commence immediately upon conclusion of the preceding period.

In the event of laboratory error in the testing of BODs, Hopewell Township will not be assessed the fee described and calculated above. A grace period will not be initiated by the result of erroneous laboratory results.

ARTICLE IX Collection System Management

1. Hopewell Township hereby covenant to enact, keep in effect and enforce a schedule of sewer rates or other charges sufficient to enable Hopewell Township to make the herein designated payments to Saxton.

In order to apportion such rates, the parties agree that the annual cost factors upon which Hopewell Township shall structure its sewer rates will include payments for debt service and reasonable, proper, and necessary costs of operation and maintenance of the pumping stations, force mains, and interceptor sewers.

2. No industrial wastes or other wastes or pollutant may be introduced into the sanitary sewer system tributary to the STP that will or are likely to pass through the STP or cause interference with the operation or performance of the STP or contaminate the sludge from the STP with metals or other substances that could increase contaminant concentrations. Any waste, other than typical domestic waste, cannot be introduced into Saxton's system until approval is gained from Saxton's Engineer and the waste is determined to have no effect on the treatment process and/or sludge. Only sewage generated within the Puttstown area of Hopewell Township as defined by the Hopewell Township Act 537 Sewage Facilities Plan shall be introduced into the sanitary sewage system.

The following pollutants may not be introduced into the STP by any user:

- a. Pollutants which create a fire or explosion hazard at the STP.
 - b. Pollutants which will or may cause corrosive structural damage to the STP, but in no case discharge with pH lower than 5 or higher than 10.
 - c. Solid or viscous pollutants in amounts which will cause obstruction to the flow in sewers or other interference with the operation of the STP.
 - d. A pollutant, including, but not limited to, oxygen demanding pollutants such as BOD, released at a rate or concentration which will cause interference with the operation of the STP.
 - e. Heat in amounts which will inhibit biological activity at the STP resulting in interference, but in no case heat in quantities that the temperature of the influent to the STP exceeds 40 Degrees Celsius (104 Degrees Fahrenheit).
3. Hopewell Township shall annually certify to Saxton the number of domestic users and the number, type, and description of commercial and industrial users serviced by the Puttstown sewage system. Also included in this information will be a

projection of flows and users for the next five years. The purpose of this information is to submit the Annual Chapter 94 report on present and projected hydraulic and organic loadings to the Sewage Treatment Facilities. The annual information from Hopewell Township shall be provided to Saxton on or before January 31st of the following year.

4. Hopewell Township must inform and receive approval from Saxton prior to any new connections made to the collection system. All users must comply with Article 11.
5. Although Hopewell Township will bill its own sewage customers, the parties agree that Saxton will, if requested, and subject to future agreement, prepare and transmit individual billings to all of the sewage customers within the Puttstown area of Hopewell Township on behalf of Hopewell Township, subject to an agreed-upon charge for said services.

ARTICLE X Capital Improvements to Saxton's WWTP

The parties agree that if Saxton is required to make any capital improvements to the STP, Hopewell Township will assume its proportion of the actual costs incurred less any possible grants. These improvements include but are not limited to the following:

- a. Upgrade of the type of treatment.
- b. Rehabilitation and repair of system, existing equipment, structures, and other components of the STP that existed at the date of this Agreement and other equipment installed after the Agreement.
- c. Increase in capacity due to an increase in the Puttstown area of Hopewell Township sewage contributions, however, Hopewell Township is under no obligation for increase in capacity due to an increase in Saxton sewage contributions.

- d. Any upgrade of the type of treatment or increase in capacity due to DEP changes in NPDES Regulations.

Hopewell Township's proportion of these costs will be calculated by Saxton's Engineer in writing by assessment of Hopewell Township proportionate share of the contemplated capital improvements and shall be subject to review and written approval by Hopewell Township's Engineer.

Hopewell Township will be required to pay its portion of the cost in a one time lump sum contribution or by a mutual agreement between Hopewell Township and Saxton.

ARTICLE XI Collection System Inspection

The parties agree that Saxton, at its sole cost and expense, or its employees or agents acting on its behalf will be permitted to monitor and have access to any portion (manholes, etc.) of Hopewell Township's Puttstown sewer system for any purpose deemed reasonable by Saxton.

ARTICLE XII Additional Conditions

1. Saxton shall not be liable to Hopewell Township for default or delay in the performance of Saxton's obligations under this Agreement when such default or delay is caused by fuel, transportation or material shortages or unavailability, accidents, unavoidable casualties, fires, floods, epidemics, civil disturbances, strikes, lockouts or other labor disputes, riot, war, nuclear disaster, Acts of God, government or the public enemy, or any other contingency beyond the control of Saxton or when such default or delay is caused by an act or omission to act by Hopewell Township or by failure of Hopewell Township to timely complete the Puttstown area of Hopewell Township sewage project as described in this Agreement or otherwise being performed by Hopewell Township, which acts or omissions to act by Hopewell Township delay or hinder Saxton's performance.

Hopewell Township shall not be liable to Saxton for default or delay in the performance of Hopewell Township's obligations under this Agreement when such default or delay is caused by fuel, transportation or material shortages or unavailability, accidents, unavoidable casualties, fires, floods, epidemics, civil disturbances, strikes, lockouts or other labor disputes, riot, war, nuclear disaster, Acts of God, government or the public enemy, or any other contingency beyond control of Hopewell Township or when such default or delay is caused by an act or omission to act by Saxton or by failure of Saxton to timely complete Saxton's work as described in this Agreement or otherwise being performed by Saxton, which acts or omissions to act by Saxton delay or hinder Hopewell Township's performance.

2. Hopewell Township agrees to indemnify and hold Saxton harmless against any loss to property, both real and personal, arising out of, or in connection with the performance of this Agreement, and against any loss, expense, damage, or liability which may be claimed by Saxton, its employees, or agents, or by any other person or persons arising out of, or allegedly arising out of, or in connection with the performance by Hopewell Township of this Agreement, or any act or omission of Hopewell Township or its employees or agents in connection therewith.

Saxton agrees to indemnify and hold Hopewell Township harmless against any loss to property, both real and personal, arising out of, or in connection with the performance of this Agreement, and against any loss, expense, damage, or liability which may be claimed by Hopewell Township, its employees, or agents, or by any other person or persons arising out of, or allegedly arising out of, or in connection with the performance by Saxton of this Agreement, or any act or omission of Saxton or its employees or agents in connection therewith.

3. The parties agree that by the date of the sewage connection to Saxton, Hopewell Township will adopt Ordinances mandating sewer connections for the Puttstown area as described below. The Ordinance, and any amendments hereto, shall

require all of Hopewell Township's system users to meet all of the requirements set forth in this agreement. Hopewell Township agrees to diligently enforce these Ordinances through appropriate measures.

The Ordinances shall provide that each owner of any building with plumbing facilities within the Puttstown area of Hopewell Township located on any property abutting any street, alley or right-of-way in which a sewer main has been provided and where any part of property is within one hundred fifty (150) feet of the sewer main, shall, at the owner's expense, connect the building to the sewer system in accordance with Hopewell Township Rules and Regulations, unless otherwise refused a permit to connect by Saxton.

Ann -
Twp?

Hopewell Township shall provide Saxton a copy of the Ordinances within ten (10) days following its adoption.

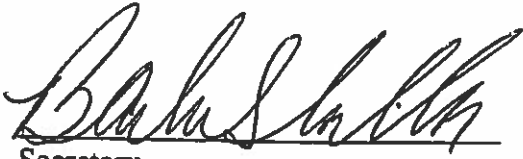
4. It is the intention of the parties that this Agreement be of indefinite duration, but in no event may the term of this Agreement be less than 10 years from its date of execution.
5. In the event of any dispute between the parties hereto with respect to any matter arising out of this Agreement, such dispute shall be settled by arbitration by filing a written demand for same to the American Arbitration Association and the dispute shall then be arbitrated pursuant to the Rules of the Association. Judgement upon the award may be entered in any Court having jurisdiction.
6. This Agreement shall extend to and be binding upon the successors and assigns of each of the parties.
7. The terms and provisions of this Agreement shall be severable and if any of the provisions shall be held to be unconstitutional or in violation of existing law, such decision shall not affect the validity of any of the remaining terms and provisions of this Agreement.

8. This Agreement constitutes the entire Agreement between the parties and supersedes and cancels any and all pre-existing Agreements and understandings between the parties relating to the subject matter hereof.
9. This Agreement shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania.

ARTICLE XIII Execution of Agreement

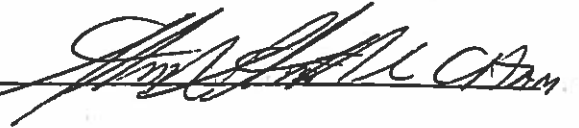
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper respective officers duly authorized pursuant to resolutions duly adopted, in copies each of which shall be deemed to be an original, as of the date herein above set forth.

Attest:


Secretary

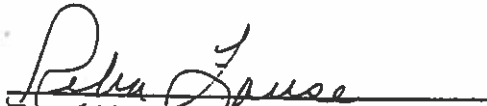
SAXTON BOROUGH MUNICIPAL AUTHORITY

By _____
Chairman



(Authority Seal)

Attest:


Township Secretary

TOWNSHIP OF HOPEWELL

By _____
Chairman



(Township Seal)



GWIN
DOBSON &
FOREMAN INC

CONSULTING ENGINEERS

October 24, 2005

Saxton Borough Municipal Authority
P.O. Box 173
1002 Branch Street
Saxton, PA 16678-0173

RE: Tap Fees

Ladies and Gentleman:

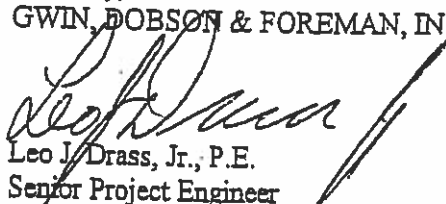
Attached is the updated unit capacity cost for 2005. The new unit capacity cost is \$5.03 per gallon per day. Act 57 of 2003 revised the method of calculating EDU capacity, "the design capacity required by a new residential customer used in calculating sewer tapping fees shall not exceed an amount established by multiplying 90 gallons per capita per day times the average number of persons per household as established by the most recent census data provided by the United States Census Bureau." Census Bureau data indicates the average household size for the Saxton Borough Municipal Authority's service area is 2.35 persons. Therefore, $90 \text{ gpd} \times 2.35 = 211.5 \text{ gpd}$. Based on this, the maximum tap fee for a single family dwelling (i.e., one EDU) would be:

$$211.5 \text{ gpd} \times \$5.03 \text{ per gallon per day} = \$1,063.85$$

This would apply to all single family dwellings (i.e., house, trailer, etc.). Anything other than a single family dwelling would have to be calculated on case-by-case basis.

If you have any questions or need additional information, please contact this office.

Sincerely,
GWIN, DOBSON & FOREMAN, INC.



Leo J. Drass, Jr., P.E.
Senior Project Engineer


LJD/ach
98053-122.wpd
cc: 

EXHIBIT "A"

**SAXTON BOROUGH MUNICIPAL AUTHORITY
STATEMENT OF CAPACITY - RELATED FACILITIES FUNDED BY AUTHORITY AS OF DECEMBER 31, 2004**

Description	Original Cost	Less: Assessments/Confr. Capital (Grants)	Cost Funded by Debt & Fund Surpluses	Year Const.	Trend Factor	Trended Cost
1. CAPITAL CONSTRUCTION						
a. Treatment Plant & Collection System	\$ 1,700,000	\$ 1,120,000	\$ 580,000	1974	3.52	\$ 2,041,600
b. Treatment Plant Expansion	1,550,000	1,550,000	0	1988	1.57	0
c. Sludge Storage Building	10,000	0	10,000	1992	1.43	14,300
d. Sludge Bed Improvements Phase I	71,877	0	71,877	1999	1.17	84,096
e. Sludge Bed Improvements Phase II	21,934	0	21,934	2001	1.12	24,566
f. Centrifuge Project	398,394	0	398,394	2003	1.06	422,298
g. TOTAL, CAPITAL CONSTRUCTION	\$ 3,752,205	\$ 2,670,000	\$ 1,082,205			\$ 2,586,860
h. Amount of Outstanding Debt (Principal) As of 12/31/04						
i. NET COST OF CAPITAL RELATED FAC.						575,882
j. System Capacity (GPD) (Based on Treat. System Capacity)						2,010,978
k. UNIT CAPACITY COST/UNIT (\$/GALLON/DAY)						400,000
						5.03

Maximum Tap Fee

Average Household Size 2.35 persons
Design Capacity 90 gallons per person per day

2.35 persons x 90 gallons/person/day x \$5.03/gallon/day = \$1,063.85

Tap Fee Approved by Saxton Borough Municipal Authority

2.35 persons x 90 gallons/person/day x \$2.84/gallon/day = \$600.00