

Attachment I

Value Added Fee and Value Added Services

Value Added Fee

(a) The Builder is obligated to pay to Aqua a fee calculated in the following manner, which is based on Aqua Pennsylvania Inc.'s average cost experience, determined by the planned number of feet of water main in the Extension Project:

(i) Four Thousand and Eight Hundred Dollars (\$4,800.00) for projects equal to or less than four hundred (400) feet, or for the first four hundred (400) feet for projects in excess of four hundred (400) feet, plus

(ii) Four Dollars and Twenty-Five Cents (\$4.25) per foot for each of the next six hundred (600) feet, plus

(iii) Two Dollars and Seventy-Five Cents (\$2.75) per foot for each foot in excess of one thousand (1,000) feet, plus

(iv) The actual cost to Aqua of providing Value Added Services for unusual or extraordinary site conditions, and for overtime costs for Aqua personnel outside of normal business hours due to Builder's schedule, as set forth in subsection (b).

Builder is not entitled to a refund if actual footage is less than planned footage. Aqua reserves the right to charge Builder for additional footage if actual footage is significantly more than planned footage.

(b) The Value Added Fee footage charges set forth in subsection (a)(i) through (iii) above are based upon the range of usual and ordinary site conditions for the installation of water mains. If Aqua encounters or it becomes apparent that it will encounter, unusual or extraordinary conditions for provision of Value-Added Services to the Extension Project, Builder will pay to Aqua, as provided for in subsection (a) (iv), the actual cost to Aqua of the different or additional Value Added Services required because of the unusual or extraordinary conditions. Aqua will notify Builder of the requirement for, and the amount of, the Value Added Fee which is based on unusual or extraordinary site conditions. In addition, Builder will pay the overtime costs for Aqua personnel outside of normal business hours due to Builder's schedule. After receiving notice of the amount of the Value Added Fee which is required because of unusual or extraordinary conditions or overtime costs, Builder will pay such amount to Aqua prior to beginning or continuing work on the Extension Project.

Value Added Services

In exchange for the Value Added Fee, Aqua will provide to Builder for the Extension Project the following value added services ("Value Added Services"). Value Added

Services include materials used unless otherwise specified. Value Added Services, and all aspects of connections to pre-existing facilities related to the Extension Project, are part of the Extension Project and subject to the terms and conditions of this Builder's Extension Agreement in all respects, including coverage of indemnification and insurance provisions.

(a) Examination and Testing. Upon completion of the Extension Project or any portion prior to Contribution, and at its discretion from time to time during construction, Aqua will schedule a representative to examine and test Builder's work on the Extension Project. The parties will cooperate in coordinating the efforts of the Contractor and the Aqua representative. Examination and testing by the Aqua representative is for the limited purpose of determining suitability of the Extension Project for addition to Aqua's water system and accuracy of the As Built Information, and may include random test holes and other tests and procedures. The Aqua representative has no responsibility or authority to assist, direct, supervise or stop the work of employees or contractors of the Builder or the Contractor, and will not serve or perform the function of an OSHA-competent or other safety person at the construction site. Neither these Value Added Services nor the presence or actions of the Aqua representative at the site of the Extension Project will alter the relative responsibilities, liabilities and indemnification of the parties as set forth in this Agreement. Examination and testing does not constitute acceptance by Aqua. Examination and testing by Aqua or failure of Aqua to disapprove work or materials will not relieve Builder or Contractor from its obligations, including warranty and indemnification provisions, under this Agreement.

(b) Chlorination Treatment. Following completion of the work on the Extension Project, or at such intervals during construction as Aqua may reasonably request, Aqua will perform chlorination treatment of the water mains. If it becomes necessary to place hydrochlorite in a length of pipe, Aqua will furnish the hydrochlorite and Builder will insert it in accordance with Aqua's standard instructions.

(c) Cathodic Protection Specifications. If corrosion control is required as a result of pipeline crossings, soil conditions or for any other reason, in order to construct the Extension Project in a manner which is suitable for addition to Aqua's water system, Aqua will supply specifications for cathodic protection. Builder has sole responsibility for supplying the materials and completing the work to implement cathodic protection.

(d) Hydrostatic and Leakage Test. For the hydrostatic and leakage test to be performed by Builder in accordance with the General Conditions, Aqua will approve the test pressure prior to testing and fill all pipelines, with the assistance of Builder.

(e) Connection to Distribution System. Aqua will make the connection between the Builder's Extension Project and the Aqua distribution facility. Following the Contribution of the Extension Project or portion of the Extension Project, or at an earlier time mutually agreed to by the parties, Aqua will have the right to connect to the water main constructed as the Extension Project under this Agreement for the purpose of providing water service or additions and extensions to Aqua's system. No other connections will take place prior to Contribution of the final portion of the Extension Project without prior written approval of

Aqua For taps of four (4) inches or larger, Aqua will supply and install the tap sleeve and valve, conduct the pressure test and complete the tap operation. For smaller service connections, Aqua will make the service tap and install the corporation stop. Builder will be responsible for supplying all other materials and performing all other construction activities and services for connection, including without limitation excavation and lowering and raising materials and tap machines in the excavation.

(f) Connection to Pre-Existing Facilities. As part of the Extension Project, Aqua may approve connection to existing main lines, other facilities of Aqua or fire hydrants which are located on, adjacent to or near the Development. Connections to pre-existing facilities may be for the purposes of providing temporary water service for construction or fire service and/or for permanent incorporation into the water main, service lines or fire hydrant facilities and systems for the Development. Builder will indicate clearly on the plans for the Extension Project (which are submitted to Aqua prior to commencement of construction) all proposed or existing connections to pre-existing facilities. Builder must submit to Aqua, in writing, all requests for proposed connections to pre-existing facilities which arise after commencement of construction. All taps to pre-existing facilities will be performed by Aqua. Connections to pre-existing facilities which are not indicated on the plans for the Extension Project submitted to Aqua prior to commencement of construction are not included in the Value Added Fee, and Builder will pay Aqua its standard fee for such connection services in advance. For taps of four (4) inches or larger, Aqua will supply and install the tap sleeve and valve, conduct the pressure test and complete the tap operation. For smaller service connections, Aqua will make the service tap and install the corporation stop. Builder will be responsible for supplying all other materials and performing all other construction activities and services for connection to pre-existing facilities, including without limitation excavation and lowering and raising materials and tap machines in the excavation. Builder will complete required service applications, and will pay Aqua in accordance with Aqua's tariff, for water service supplied to the Extension Project during construction and prior to Contribution through connections to pre-existing facilities. For fire hydrants to be added to existing mains, Aqua will supply and install the tap sleeve and valve and complete the tap operation, and Builder will install the hydrant lead and the hydrant.