

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**C. Operating Expense**

OE1. Prepare a summary of operating expenses by operating expense account for the historic test year and the two years preceding the test year.

A. Please see attached.

AQUA PENNSYLVANIA, INC.  
REVENUE AND EXPENSE BY DETAILED ACCOUNTS  
JUNE 30, 2011, 2010, 2009

NUMBER	ACCOUNT TITLE	Current Year 12 Months 6/30/2011	Prior Year 12 Months 6/30/2010	Prior Year 12 Months 6/30/2009
<b>WATER OPERATING REVENUE-</b>				
<b>SALES OF WATER:</b>				
<b>METERED SALES TO GENERAL CUSTOMERS</b>				
4611	RESIDENTIAL	4611 (248,767,427)	(216,069,255)	(217,304,335)
4612	COMMERCIAL	4612 (85,123,174)	(71,532,289)	(72,226,166)
4613	INDUSTRIAL	4613 (16,335,524)	(14,519,606)	(14,592,462)
4614	PUBLIC AUTHORITY	4614 (7,432,955)	(6,535,607)	(6,417,396)
4620	PRIVATE FIRE PROTECTION	4620 (10,051,176)	(9,766,103)	(9,792,915)
4630	ABATEMENT	4630 392,608	247,694	251,375
4660	SALES TO OTHER UTILITIES	4660 (3,234,963)	(2,669,750)	(2,421,712)
	<b>TOTAL</b>	<b>(370,552,611)</b>	<b>(320,844,917)</b>	<b>(322,503,610)</b>
<b>UNMETERED SALES TO GENERAL CUSTOMERS:</b>				
4607	AVAILABILITY CHARGES	4607 263	454	(4,283)
4621	PUBLIC FIRE PROTECTION	4621 (5,342,856)	(5,379,593)	(5,331,637)
4622	PRIVATE FIRE PROTECTION	4622 (963,923)	(924,965)	(908,031)
	<b>TOTAL SALES OF WATER</b>	<b>(376,859,127)</b>	<b>(327,149,021)</b>	<b>(328,747,562)</b>
<b>OTHER WATER REVENUES:</b>				
4710	MISC SERVICE REVENUES	4710 (1,885,303)	(1,913,617)	(1,769,449)
4712	STATE TAX SURCHARGE	4712 (15,999)	(99,371)	31,825
4711	DSIC CHARGE	4711 (6,279,622)	(20,825,020)	(8,540,996)
	<b>TOTAL OTHER WATER REVENUES</b>	<b>(8,180,924)</b>	<b>(22,838,008)</b>	<b>(10,278,620)</b>
	<b>TOTAL WATER OPERATING REVENUES</b>	<b>(385,040,051)</b>	<b>(349,987,029)</b>	<b>(339,026,182)</b>
<b>WATER OPERATING EXPENSES-</b>				
<b>SOURCE OF SUPPLY EXPENSES</b>				
<b>OPERATION:</b>				
6011	OPERATING LABOR	6011 305,376	341,577	372,567
6201	OPERATION MATERIALS & SUPPLIES	6201 146,390	241,263	209,102
6311	OPERATION CONTRACTOR SERVICES - ENG	6311 2,000	-	-
6361	OPERATION CONTRACTOR SERVICES - OTHER	6361 33,511	61,759	20,252
6411	OPERATION BUILDING RENTAL	6411 399,969	380,923	380,921
6421	OPERATION EQUIPMENT RENTAL	6421 -	53	-
6501	OPERATION TRANSPORTATION	6501 -	-	-
6751	OPERATION MISCELLANEOUS	6751 8,225	8,010	3,507
	<b>TOTAL OPERATION</b>	<b>895,472</b>	<b>1,033,586</b>	<b>986,350</b>
<b>MAINTENANCE:</b>				
6012	MAINTENANCE LABOR	6012 527,082	506,365	343,679
6202	MAINTENANCE MATERIALS & SUPPLIES	6202 4,644	6,492	13,222
6312	MAINT. CONTRACTOR SERVICES - ENG	6312 1,923	-	-
6362	MAINTENANCE CONTRACTOR SERVICES - OTHER	6362 83,804	68,823	112,614
6422	MAINT. EQUIPMENT RENTAL	6422 -	-	-
6502	MAINTENANCE TRANSPORTATION	6502 410	3,931	665
6752	MAINTENANCE MISCELLANEOUS	6752 1,931	308	42
	<b>TOTAL MAINTENANCE</b>	<b>619,792</b>	<b>585,921</b>	<b>470,222</b>
6101	WATER PURCHASED FOR RESALE	6101 13,008,949	11,644,566	11,510,045
6151	POWER PURCHASED	6151 10,415,064	9,268,991	9,820,009
	<b>TOTAL SOURCE OF SUPPLY EXPENSES</b>	<b>24,939,277</b>	<b>22,533,064</b>	<b>22,786,625</b>
<b>WATER TREATMENT EXPENSES</b>				
<b>OPERATION:</b>				
6013	OPERATING LABOR	6013 8,686,797	7,290,182	6,516,059
6183	CHEMICALS	6183 3,974,146	4,346,111	4,383,490
6203	OPERATION MATERIALS & SUPPLIES	6203 388,692	383,445	361,448
6313	OPERATING CONTRACTOR SERVICES - ENG	6313 2,591	10,545	-
6353	OPERATING CONTRACTOR SERVICES - TESTING	6353 134,271	108,074	103,932
6363	OPERATING CONTRACTOR SERVICES - OTHER	6363 680,406	986,149	953,673
6423	OPERATING EQUIPMENT RENTAL	6423 2,769	2,044	3,397
6503	OPERATING TRANSPORTATION	6503 -	-	-
6753	OPERATING MISCELLANEOUS	6753 37,074	7,666	5,157
	<b>TOTAL OPERATION</b>	<b>13,906,747</b>	<b>13,134,216</b>	<b>12,327,156</b>
<b>MAINTENANCE:</b>				
6014	MAINT. LABOR	6014 1,201,891	2,024,871	2,592,857
6204	MAINT. MATERIALS & SUPPLIES	6204 27,532	31,739	41,793
6314	MAINT. CONTRACTOR SERVICES - ENG	6314 1,505	2,160	1,280
6364	MAINT. CONTRACTOR SERVICES - OTHER	6364 509,624	618,538	454,517
6424	MAINT. EQUIPMENT RENTAL	6424 -	110	227
6504	MAINT. TRANSPORTATION	6504 -	-	-
6754	MAINTENANCE MISCELLANEOUS	6754 1,374	1,518	567
	<b>TOTAL MAINTENANCE</b>	<b>1,741,926</b>	<b>2,678,937</b>	<b>3,091,240</b>
	<b>TOTAL WATER TREATMENT EXPENSES</b>	<b>15,648,673</b>	<b>15,813,153</b>	<b>15,418,396</b>

AQUA PENNSYLVANIA, INC.  
REVENUE AND EXPENSE BY DETAILED ACCOUNTS  
JUNE 30, 2011, 2010, 2009

NUMBER	ACCOUNT TITLE		Current Year 12 Months 6/30/2011	Prior Year 12 Months 6/30/2010	Prior Year 12 Months 6/30/2009
<b>TRANSMISSION &amp; DISTRIBUTION EXPENSES</b>					
OPERATION:					
6015	OPERATING LABOR	6015	4,506,339	4,720,599	4,560,040
6205	OPERATION MATERIALS & SUPPLIES	6205	1,115,593	1,088,405	932,598
6315	OPERATING CONTRACTOR SERVICES - ENG	6315	-	-	-
6365	OPERATING CONTRACTOR SERVICES - OTHER	6365	488,365	284,442	467,738
6415	OPERATION BUILDING RENTAL	6415	16,119	14,215	14,271
6425	OPERATING EQUIPMENT RENTAL	6425	3,186	2,044	3,350
6505	OPERATION TRANSPORTATION	6505	1,814,199	1,745,410	1,941,477
6755	OPERATION MISCELLANEOUS	6755	12,776	20,187	24,284
	TOTAL OPERATION		<u>7,956,578</u>	<u>7,875,302</u>	<u>7,943,758</u>
MAINTENANCE:					
6016	MAINT. LABOR	6016	4,532,126	4,150,206	4,056,143
6206	MAINT. MATERIALS & SUPPLIES	6206	580,546	579,108	518,280
6316	MAINT. CONTRACTOR SERVICES - ENG	6316	1,981	538	6,525
6366	MAINT. CONTRACTOR SERVICES - OTHER	6366	3,283,623	2,974,706	2,453,840
6426	MAINT. EQUIPMENT RENTAL	6426	-	349	-
6506	MAINT. TRANSPORTATION	6506	-	-	81
6756	MAINTENANCE MISCELLANEOUS	6756	19,452	20,156	6,203
	TOTAL MAINTENANCE		<u>8,417,727</u>	<u>7,725,064</u>	<u>7,041,072</u>
	<b>TOTAL TRANSMISSION &amp; DISTRIBUTION EXPENSES</b>		<b>16,374,305</b>	<b>15,600,365</b>	<b>14,984,830</b>
<b>CUSTOMER'S ACCOUNTING &amp; COLLECTING EXPENSE</b>					
6017	CUSTOMER ACCOUNTING LABOR	6017	1,016,220	1,007,228	922,841
6207	MATERIALS & SUPPLIES	6207	17,028	(42,751)	(29,315)
6367	CONTRACTOR SERVICES - OTHER	6367	8,794,204	8,859,047	8,565,501
6507	TRANSPORTATION	6507	300	106	53
6707	BAD DEBT EXPENSE	6707	2,033,634	2,164,703	2,477,753
6757	CUSTOMER ACCOUNTING - MISCELLANEOUS	6757	-	-	-
	TOTAL CUSTOMER'S ACCOUNTING & COLLECTING EXPENSE	TO	<u>11,861,386</u>	<u>11,988,333</u>	<u>11,936,833</u>
<b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b>					
6018	A&G LABOR	6018	4,929,478	4,693,434	4,212,548
6038	A&G OFFICERS LABOR	6038	1,109,822	1,030,559	1,833,432
6048	EMPLOYEE BENEFITS	6048	13,184,904	8,433,049	8,430,201
6208	A&G MATERIALS & SUPPLIES	6208	149,324	143,384	191,800
6318	A&G CONTRACTOR SERVICES-ENGINEERING	6318	130,187	72,282	68,302
6328	A&G CONTRACTOR SERVICES-ACCOUNTING	6328	488,241	516,686	643,186
6338	A&G CONTRACTOR SERVICES-LEGAL	6338	132,198	533,126	513,979
6348	A&G CONTRACTOR SERVICES-MGMT FEE	6348	14,017,619	12,051,213	10,194,752
6358	A&G CONTRACTOR SERVICES_TESTING	6358	-	66	18,059
6368	A&G CONTRACTOR SERVICES-OTHER	6368	833,636	1,564,943	2,356,773
6418	A&G RENT - BUILDING RENTAL	6418	32,406	30,606	51,630
6428	A&G RENT - EQUIPMENT	6428	86,833	90,700	81,571
6508	A&G TRANSPORTATION	6508	(3,538)	(3,948)	(3,498)
6568	VEHICLE INSURANCE	6568	180,282	200,010	201,198
6578	GENERAL LIABILITY INSURANCE	6578	1,927,004	1,928,958	1,602,112
6588	WORKERS COMPENSATION INSURANCE	6588	954,462	889,449	692,929
6598	OTHER INSURANCE	6598	1,426,514	888,976	910,231
6608	ADVERTISING	6608	162,390	152,011	20,751
6668	OTHER EXPENSE AMORTIZATION	6668	33,323	96,245	234,683
6668	CWC MERGER AMORTIZATION	6668	-	-	316,745
6668	RATE CASE AMORTIZATION	6668	427,571	445,886	439,113
6758	A&G MISCELLANEOUS	6758	3,145,704	3,485,851	3,124,596
	UTILITY PLANT ACQ ADJ AMORT.	4060	(312,138)	(374,922)	(374,242)
	<b>TOTAL ADMINISTRATIVE &amp; GENERAL EXPENSES</b>		<u>43,036,222</u>	<u>36,868,564</u>	<u>35,760,851</u>
	<b>TOTAL OPERATION EXPENSES</b>		<b>101,080,417</b>	<b>91,813,558</b>	<b>90,285,001</b>
	<b>TOTAL MAINTENANCE EXPENSES</b>		<b>10,779,446</b>	<b>10,989,921</b>	<b>10,602,534</b>
	<b>TOTAL EXPENSES</b>		<b>111,859,863</b>	<b>102,803,479</b>	<b>100,887,535</b>

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
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**C. Operating Expense**

- OE2. Prepare a summary of operating expenses for the historic test year providing annualizing and normalizing adjustments to arrive at adjusted future operating expenses for ratemaking, including supporting data.
- A. See page 20 of Exhibit 1-A and supporting data pages 21-59 that follow.

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**C. Operating Expense**

OE3. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided, such as explanation and breakdown of costs.

A. None.

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**C. Operating Expense**

OE4. Supply detailed calculations of normalization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases.

A. Please see page 40 of Exhibit 1-A.

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**C. Operating Expense**

- OE5. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the historic test year and during the 12 months subsequent to the historic test year. Supply data showing for the historic test year:
- a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.
  - b. Date, percentage increase and annual amount of each general payroll increase during the historic test year and future test year.
  - c. Dates and annual amounts of merit increases or management salary adjustments.
  - d. Total annual payroll increases in the historic and future test years.
  - e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).
  - f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.
  - g. Support the annualized pension cost figures by providing the following:
    - (i) State whether these figures include any unfunded pension costs. Explain.
    - (ii) Provide latest actuarial study used for determining pension accrual rates.
  - h. Submit a schedule showing any deferred income and consultant fee, paid to both corporate officers and employees in historic and future test years.
- A. a. Please refer to Exhibit 2-A. The Company does not maintain the payroll charges by regular and overtime separately.

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b, c, d & e. Please refer to Exhibit 1- A, pages 21, 21-1 and 21-2. The payroll adjustments shown in Exhibit 1-A are based on the salaries and wages incurred during the year ended June 30, 2011, adjusted as noted in Exhibit 2-A.

f. See pages 21,41,43,45 in Exhibit 1- A and Exhibit 2A.

g. See attachments to OE-14.

h. None.



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**C. Operating Expense**

OE6. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the historic test year and future test years and for the 12-month period ended prior to the historic test year:

- a. Supply a copy of contracts, if applicable.
- b. Explain the nature of the services provided.
- c. Explain basis on which charges are made.
- d. If charges allocated, identify allocation factors used.
- e. Supply the components and amounts comprising the expense in this account.
- f. Provide details of initial source of charge and reason thereof.

A.

a. The Company's relationship with its affiliates is covered under affiliated interest agreements filed with the Pennsylvania Public Utility Commission.

b – c - d. Aqua Services offers to Aqua America's subsidiaries a full range of corporate support services, including, but not limited to, accounting, administration, communications, corporate secretarial, customer service and billing, engineering, financial, fleet, human resources, information systems, operations, legal, purchasing, contracts and sales, rates and regulatory compliance, risk management and water quality. All expenses that can be identified as being related exclusively to a specific company shall be charged directly to that company whenever

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possible, at fully allocated cost, based upon personnel timesheets.

Costs that are rendered in common with other affiliated Pennsylvania water companies shall be allocated among the companies based on the following ratio:

% = #customers served by Water Company (immediately preceding year end)

Total # Customers served by group (immediately preceding year end)

e - f.

Charges by Affiliated Companies:

12 Months Ended

<u>6/30/11</u>	<u>6/30/10</u>
\$18,861,911	\$16,893,520

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**C. Operating Expense**

OE7. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. Explain the method of calculating monthly or annual payments. If allocated from the parent company, provide the method of allocation.

A. The Company leases its reproduction equipment and transportation equipment. Copies of the lease agreements are not included herein. However, they are available for inspection at the Company's main office. The method for calculation of monthly payments is fixed by contract for the reproduction and computer equipment. Transportation equipment lease payments are based on the federal funds rate and the original cost for the equipment. No leasing costs are allocated from the parent company to any of Aqua's subsidiaries.

	<u>12 Months Ended</u> <u>6/30/11</u>
Copiers	\$ 86,833
Transportation	\$ 286,965

Note: The amounts above include the applicable capitalized portions.

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**C. Operating Expense**

OE8. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

A. None.

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**C. Operating Expense**

- OE9. Submit details of expenditures for advertising (National and Institutional and Local media). Provide a schedule of advertising expense by major media categories for the historic test year and the prior two comparable years with respect to:
- a. Public Health and safety
  - b. Conservation of energy
  - c. Explanation of Billing Practices, Rates, Rules and Regulations.
  - d. Provision of factual and objective data programs in educational institutions.
  - e. Other advertising programs
  - f. Total advertising expense

A.	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
A.	55,080	2,724	20,751
B.	95,000	140,773	-
C.	-	-	-
D.	-	-	-
E.	10,489	9,206	-
F.	-	-	-
Total	\$ 160,569	\$ 152,703	\$ 20,751

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**C. Operating Expense**

OE10. Prepare a detailed schedule for the historic test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

A. Social and service organization membership dues are to the Rotary and Kiwanis Clubs. The total amount paid to these organizations is less than \$3,000.

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**C. Operating Expense**

- OE11. Submit a schedule showing a breakdown by the expenditures associated with Outside Services Employed, Regulatory Commission Expenses showing expenses related to rate cases separately, and miscellaneous general expenses, for the historic test year and prior two comparable years.
- A. See attached.

	Year Ended 6/30/2011	Year Ended 6/30/2010	Year Ended 6/30/2009
Special Services Employed			
PROF SERV-LEGAL	132,198	533,126	513,979
PROF SERV-ACCT	488,241	516,686	643,186
PROF SERV-ENGINEER	140,187	85,525	76,107
PROF SERV-WATER OPERATING	273,461	345,027	330,686
PROF SERV-WATER TREATMENT	509,624	618,538	454,517
PROF SERV-TRANSMISSION & DISTRIBUTION	1,808,874	1,380,096	1,498,593
PROF SERV-CUSTOMER ACCOUNTS	8,794,204	8,859,047	8,564,496
PROF SERV-ADMINISTRATIVE & GENERAL	3,455,281	4,323,842	4,657,601
	<u>15,602,070</u>	<u>16,661,886</u>	<u>16,739,165</u>
Regulatory Commission Expenses			
Amortization of Rate Case Expense as recorded on the Company's books	427,571	445,886	462,504



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**C. Operating Expense**

OE12. Submit details of information covering research and development expenditures, by project within the company and note forecasted company programs.

A. Most of the Company's research activities are conducted under the direction of the Laboratory Manager.

Aqua Pennsylvania's central laboratory explores analytical methods and evaluates new products, technology and data from pilot studies of promising treatment processes. Staff participate in projects undertaken by the Water Research Foundation (WaterRF). They review published research and proposed regulations and legislation to keep ahead of regulations and to apply cost-effective technologies to source water and treatment issues.

The laboratory is equipped with state-of-the-art gas chromatograph (GC) and gas chromatograph/mass spectrometer (GC/MS) instruments for analysis of trace organic contaminants in raw and treated water. Implementation of Solid Phase Microextraction (SPME) analysis of part-per-trillion levels of taste and odor compounds increased productivity for these analyses almost three-fold over previous methods. This has allowed detailed investigation of source water conditions and treatment processes with quick sample turnaround.

Another focus of the lab is disinfection by-products. In advance of the EPA Stage 2 DBP Rule, the laboratory compiled and analyzed data for DBPs and Total Organic Carbon to assess treatment performance and prepare for distribution system sampling that will be required under the new rule.

Additional input on WaterRF projects, is provided by the Engineering Department, particularly in the area of distribution system infrastructure, helping the company prioritize capital investments in distribution system improvements.

The Water Quality Administration Department has also been involved in WaterRF and other research projects on the application of ultraviolet light (UV) disinfection and on residual waste management. This research has led to innovative implementation of UV disinfection to comply with the Pennsylvania Ground Water Rule, and to improvements in the management of residual wastes at Aqua facilities.

The Company is a subscriber to WaterRF and supports research in many areas through subscription fees.

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**C. Operating Expense**

OE13. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the historic test year.

A. See attached.

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
07/08/2010	CH8491		Media Theatre for the Performing Arts, The	STRAIGHT	\$500.00	\$500.00	
07/09/2010	CHBUCKS CO. TMA		Bucks County TMA	DUES	\$200.00	\$0.00	
07/12/2010	CH2819		Pennsylvania Academy of the Fine Arts	STRAIGHT	\$2,500.00	\$2,500.00	
07/15/2010			Delaware County Historical Society	STRAIGHT	\$2,500.00	\$2,500.00	
07/19/2010	CH8823		Brandywine Valley Association, Inc.	DUES	\$500.00	\$0.00	
07/19/2010			Drexel University College of Medicine	GOLF OUTING	\$5,000.00	\$5,000.00	
07/19/2010			Gettysburg Foundation	MULTI YEAR	\$5,000.00	\$5,000.00	
07/22/2010	CH6044		Bryn Mawr Business Association	MULTI YEAR	\$1,000.00	\$0.00	
07/27/2010	CH9262		Mann Center for the Performing Arts	ADVERTISING	\$1,000.00	\$1,000.00	
07/28/2010			Jenkins Arboretum	ADVERTISING	\$500.00	\$500.00	
07/29/2010	CH9644		Montgomery County Lands Trust	STRAIGHT	\$1,500.00	\$1,500.00	
07/30/2010	CH6115		Philadelphia Zoo, The	MULTI YEAR	\$5,000.00	\$5,000.00	
08/01/2010	CH1540		Philadelphia Convention & Visitors Bureau	EVENT	\$2,500.00	\$0.00	
08/09/2010	CH1540		Philadelphia Convention & Visitors Bureau	DUES	\$1,500.00	\$0.00	
08/09/2010			Red Hill Fire Company	STRAIGHT	\$500.00	\$500.00	
08/12/2010			Elimwood Park Zoo	STRAIGHT	\$500.00	\$500.00	
08/19/2010			Pro Football Hall of Fame Enshrines	EVENT	\$1,000.00	\$1,000.00	
08/20/2010			Checking for Charity	STRAIGHT	\$200.00	\$200.00	
08/23/2010			International Tour de Toona	EVENT	\$500.00	\$500.00	
08/23/2010			Nepal Foundation, The	STRAIGHT	\$5,000.00	\$5,000.00	
08/24/2010	CH4539		Chester County Chamber of Business &	GOLF OUTING	\$410.00	\$0.00	
08/24/2010	CH5920		Main Line Art Center	STRAIGHT	\$1,000.00	\$1,000.00	
08/30/2010			Drexel University College of Medicine	ADVERTISING	\$1,750.00	\$1,750.00	
08/30/2010	CH6066		Surrey Services for Seniors	MULTI YEAR	\$2,500.00	\$2,500.00	
09/01/2010	CH9562		National Multiple Sclerosis Society	EVENT	\$500.00	\$500.00	
09/09/2010			Lower Merion Library Foundation	MULTI YEAR	\$5,000.00	\$5,000.00	
09/09/2010			Oakmont Fire Company No. 1	MULTI YEAR	\$5,000.00	\$5,000.00	
09/10/2010			Lansdowne Economic Development	EVENT	\$500.00	\$500.00	
09/10/2010	CH9332		Nello Memorial Committee	GOLF OUTING	\$350.00	\$350.00	
09/10/2010	CH9332		Nello Memorial Committee	GOLF OUTING	\$300.00	\$300.00	
09/11/2010			Delaware County Veterans Memorial	GOLF OUTING	\$2,500.00	\$2,500.00	
09/13/2010			Cooper Foundation, The	EVENT	\$1,000.00	\$1,000.00	
09/13/2010			Newlin Grist Mill	STRAIGHT	\$500.00	\$500.00	
09/15/2010	CH6016		Main Line Chamber of Commerce	LUNCHEON	\$1,500.00	\$0.00	
09/18/2010	CH8823		Brandywine Valley Association, Inc.	EVENT	\$1,000.00	\$1,000.00	
09/18/2010			Bristol Borough	EVENT	\$500.00	\$0.00	
09/20/2010			Bristol Senior Athletic Association	GOLF OUTING	\$500.00	\$500.00	
09/20/2010			G. Fred DiBona, Jr. Memorial Foundation	GOLF OUTING	\$3,000.00	\$3,000.00	

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
09/21/2010		Upper Darby Township		STRAIGHT	\$1,600.00	\$0.00	
09/22/2010		Great Guys Group		STRAIGHT	\$2,500.00	\$2,500.00	
09/22/2010	CH6192	Pennsylvania Environmental Council		ADVERTISING	\$1,000.00	\$1,000.00	
09/23/2010	CHREDI	REDI, Inc.		EVENT	\$500.00	\$500.00	
09/24/2010		Greater Plymouth Community Center		EVENT	\$500.00	\$500.00	
09/24/2010	CH9211	Magee Rehabilitation		GOLF OUTING	\$1,000.00	\$1,000.00	
09/25/2010	CH9762	Warwick Township		EVENT	\$200.00	\$0.00	
09/25/2010		Wayne Memorial Health Foundation		EVENT	\$500.00	\$500.00	
09/27/2010		KVC Memorial Fund		GOLF OUTING	\$225.00	\$225.00	
09/27/2010	CH6126	Pa Chamber of Business and Industry		DINNER	\$2,750.00	\$0.00	
09/29/2010	CHBMRH	Bryn Mawr Rehabilitation Hospital		GALA	\$1,000.00	\$1,000.00	
09/30/2010	CH1421	Chester County Historical Society		LUNCH	\$2,500.00	\$2,500.00	
09/30/2010		Delaware County Chamber Foundation		RUNWALK	\$1,000.00	\$1,000.00	
09/30/2010	CH2075	Philadelphia Hospitality, Inc		DINNER	\$5,000.00	\$5,000.00	
09/30/2010	CH1543	Water Resources Assoc. of the Delaware		STRAIGHT	\$250.00	\$250.00	
10/01/2010		Hometown Heroes		GOLF OUTING	\$100.00	\$100.00	
10/02/2010	CH5990	American Diabetes Association		RUNWALK	\$500.00	\$0.00	
10/02/2010		American Heart Association		RUNWALK	\$1,000.00	\$1,000.00	
10/02/2010		Sister of the Blessed Sacrament		DINNER	\$1,000.00	\$1,000.00	
10/03/2010	CH9356	Media Business Authority		EVENT	\$750.00	\$0.00	
10/04/2010	CH8506	Cystic Fibrosis Foundation- Del. Valley		GOLF OUTING	\$0.00	\$0.00	
10/04/2010	CHROTARY	Newtown Square Rotary Foundation		EVENT	\$500.00	\$500.00	
10/04/2010		Select Greater Philadelphia		STRAIGHT	\$100,000.00	\$0.00	
10/04/2010	CH6010	YMCA-Lionville Community		GOLF OUTING	\$350.00	\$350.00	
10/06/2010	CH1033	Delco Chamber of Commerce		EVENT	\$500.00	\$0.00	
10/06/2010	CH8349	Eastern University		GOLF OUTING	\$800.00	\$800.00	
10/07/2010	CHPDE	Partnership for the Delaware Estuary, Inc.		DINNER	\$2,000.00	\$2,000.00	
10/07/2010		Schuylkill River Heritage Center		EVENT	\$2,500.00	\$2,500.00	
10/09/2010	CHCCAA	Chester County Art Association		EVENT	\$1,250.00	\$1,250.00	
10/09/2010		Women's Auxiliary of St. Edmonds Home		EVENT	\$1,000.00	\$1,000.00	
10/10/2010		Run for Heroes, Inc.		RUNWALK	\$2,500.00	\$2,500.00	
10/11/2010		Delaware County Intermediate Unit Edu		GOLF OUTING	\$300.00	\$300.00	
10/11/2010	CH1033	Delco Chamber of Commerce		RECEPTION	\$500.00	\$0.00	
10/15/2010	CHYMCA	YMCA - Phila & Vicinity		DINNER	\$3,000.00	\$0.00	
10/16/2010		Tri-State Bird Rescue & Research		EVENT	\$1,000.00	\$1,000.00	
10/17/2010	CHSILOAM	Siloam Ministries, Inc.		EVENT	\$1,500.00	\$1,500.00	
10/18/2010		Pennsylvania Business Council		STRAIGHT	\$14,936.77	\$0.00	
10/19/2010		Marine Corps League - Upper Darby		ADVERTISING	\$75.00	\$75.00	
10/21/2010		Alliance for the Chesapeake Bay		DINNER	\$500.00	\$500.00	
10/21/2010	CH5969	Perkiomen Watershed Conservancy			\$1,050.00	\$1,050.00	
10/21/2010	CH8802	Roman Catholic High School		DINNER	\$3,500.00	\$3,500.00	
10/21/2010	CH6198	YMCA - Upper Main Line		MULTI YEAR	\$1,000.00	\$1,000.00	

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
10/22/2010	CH8506		Cystic Fibrosis Foundation- Del. Valley	ADVERTISING	\$500.00	\$500.00	
10/22/2010	CH9562		National Multiple Sclerosis Society	GALA	\$5,000.00	\$5,000.00	
10/23/2010	CH5320		Lankenau Hospital Foundation	GALA	\$0.00	\$0.00	
10/24/2010			Riddle HealthCare Foundation	RECEPTION	\$200.00	\$200.00	
10/26/2010	CH9462		Cradle of Liberty, BSA		\$2,500.00	\$2,500.00	
10/26/2010	CH6135		United Way of Southeastern Pennsylvania		\$36,000.00	\$36,000.00	
10/27/2010	CH2868		DCCC Educational Foundation	MULTI YEAR	\$5,000.00	\$5,000.00	
10/28/2010	CH8823		Brandywine Valley Association, Inc.	DINNER	\$480.00	\$480.00	
10/29/2010			Community Action Agency of Delaware		\$1,000.00	\$1,000.00	
10/29/2010	CH1540		Philadelphia Convention & Visitors Bureau	LUNCH	\$1,000.00	\$0.00	
10/29/2010	CH5927		Walnut Street Theatre	EVENT	\$500.00	\$500.00	
10/30/2010			Penn Wynne Library	RUN/WALK	\$150.00	\$150.00	
11/01/2010	CH2377		Committee of Seventy, The	MULTI YEAR	\$5,000.00	\$5,000.00	
11/03/2010	CH6119		American Jewish Committee	DINNER	\$2,500.00	\$2,500.00	
11/04/2010	CH8909		Chester-Ridley-Crum Watershed Association	DINNER	\$1,000.00	\$1,000.00	
11/04/2010	CH6016		Main Line Chamber of Commerce	DINNER	\$3,000.00	\$0.00	
11/06/2010			Education Foundatin of Lower Merion	ADVERTISING	\$125.00	\$125.00	
11/06/2010			Perkiomen Twp. Fire Company	EVENT	\$200.00	\$200.00	
11/09/2010	CH1187		Anti-Defamation League	DINNER	\$6,000.00	\$6,000.00	
11/10/2010	CH1403		Temple University	DINNER	\$1,500.00	\$1,500.00	
11/11/2010			Ardmore Community Development Fund	EVENT	\$500.00	\$500.00	
11/13/2010			Children's Heart Foundation	EVENT	\$500.00	\$500.00	
11/16/2010	CH9013		Laurel House	STRAIGHT	\$1,000.00	\$1,000.00	
11/16/2010	CH9211		Magee Rehabilitation	DINNER	\$4,000.00	\$4,000.00	
11/17/2010			G. Fred DiBona, Jr. Memorial Foundation	MULTI YEAR	\$5,000.00	\$5,000.00	
11/17/2010	CH1007		League of Women Voters	RECEPTION	\$1,000.00	\$1,000.00	
11/17/2010			Polish American String Band	STRAIGHT	\$1,000.00	\$1,000.00	
11/18/2010	CH1033		Delco Chamber of Commerce	DINNER	\$3,000.00	\$0.00	
11/18/2010	CH1274		Pennsylvania Resources Council, Inc. (PRC)	DINNER	\$1,500.00	\$1,500.00	
11/20/2010			Delaware County Community Foundation	GALA	\$5,000.00	\$5,000.00	
11/22/2010	CH8071		Boy Scouts of America - Chester Co. Council	BREAKFAST	\$1,000.00	\$1,000.00	
11/23/2010	CH2377		Committee of Seventy, The	BREAKFAST	\$2,500.00	\$2,500.00	
11/23/2010	CH5941		Police Athletic League of Philadelphia	STRAIGHT	\$400.00	\$400.00	
11/30/2010	CHTEAMPA		Team Pennsylvania Foundation	EVENT	\$5,000.00	\$5,000.00	
12/02/2010	CH2868		DCCC Educational Foundation	DINNER	\$600.00	\$600.00	
12/02/2010	CH1391		Drexel University	LUNCH	\$3,000.00	\$3,000.00	
12/02/2010			Southeastern PA First Suburbs Project	EVENT	\$500.00	\$500.00	
12/03/2010			CASA Youth Advocates	EVENT	\$1,000.00	\$1,000.00	
12/04/2010			Salvation Army of Chester PA	ADVERTISING	\$400.00	\$400.00	
12/04/2010			West Chester Charity Ball	GALA	\$1,000.00	\$1,000.00	
12/07/2010	CHWCCB		Crisis Assistance Ministry	STRAIGHT	\$150.00	\$150.00	
12/07/2010			Holy Redeemer Health System	STRAIGHT	\$150.00	\$150.00	

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
12/07/2010			Kimmel Center	STRAIGHT	\$150.00	\$150.00	
12/07/2010	CH2848	Montgomery County Community College		MULTI YEAR	\$2,500.00	\$2,500.00	
12/07/2010	CHMBAMEMC	Mother Bethel AME Methodist Church			\$150.00	\$150.00	
12/07/2010	CH6135	Unified Way of Southeastern Pennsylvania		STRAIGHT	\$150.00	\$150.00	
12/07/2010	CH8775	WVIA-TV/FM		STRAIGHT	\$150.00	\$150.00	
12/07/2010	CHYMCA	YMCA - Phila & Vicinity		STRAIGHT	\$150.00	\$150.00	
12/09/2010	CH8775	WVIA-TV/FM		STRAIGHT	\$1,000.00	\$1,000.00	
12/11/2010		PCVB Foundation		EVENT	\$5,000.00	\$5,000.00	
12/11/2010		PCVB Foundation		STRAIGHT	\$5,000.00	\$5,000.00	
12/11/2010	CH9286	Pennsylvania Society		GALA	\$3,500.00	\$3,500.00	
12/11/2010	CH9286	Pennsylvania Society		STRAIGHT	\$1,000.00	\$1,000.00	
12/13/2010	CH1553	Greater Philadelphia Hotel Association		LUNCHEON	\$900.00	\$900.00	
12/14/2010		Drexel University College of Medicine			\$5,000.00	\$5,000.00	
12/14/2010		Heritage of Faith - Vision of Hope		MULTI YEAR	\$5,000.00	\$5,000.00	
12/15/2010	CH9577	Bucks County Community College		MULTI YEAR	\$3,000.00	\$3,000.00	
12/15/2010		Delaware County Veterans Memorial		MULTI YEAR	\$5,000.00	\$5,000.00	
12/16/2010		Delaware County Historical Society		STRAIGHT	\$2,500.00	\$2,500.00	
12/16/2010		Rocky Run YMCA		STRAIGHT	\$1,000.00	\$1,000.00	
01/01/2011	CH9462	Cradle of Liberty, BSA		STRAIGHT	\$2,500.00	\$2,500.00	
01/01/2011		Cuddle My Kids		STRAIGHT	\$500.00	\$500.00	
01/01/2011		Delaware County Historical Society		DUES	\$500.00	\$500.00	
01/01/2011	CH1391	Drexel University		MULTI YEAR	\$5,000.00	\$5,000.00	
01/01/2011		Fairmount Park Conservancy			\$5,000.00	\$5,000.00	
01/01/2011	CH1241	Free Library of Philadelphia		STRAIGHT	\$2,500.00	\$2,500.00	
01/01/2011	CH1130	PENJERDEL Council		DUES	\$4,000.00	\$0.00	
01/01/2011	CH1274	Pennsylvania Resources Council, Inc. (PRC)		DUES	\$500.00	\$0.00	
01/01/2011	CH8874	Tyler Arboretum		STRAIGHT	\$2,000.00	\$2,000.00	
01/01/2011		University of Pittsburgh/Thornburgh Archives		MULTI YEAR	\$5,000.00	\$5,000.00	
01/01/2011		Wharton Escherick Museum, The		STRAIGHT	\$1,000.00	\$1,000.00	
01/05/2011	CH1543	Water Resources Assoc. of the Delaware		DUES	\$3,000.00	\$0.00	
01/06/2011		Travis Manion Foundation		STRAIGHT	\$1,000.00	\$1,000.00	
01/07/2011	CH4539	Chester County Chamber of Business &		EVENT	\$5,885.00	\$0.00	
01/07/2011		Neumann University		EVENT	\$250.00	\$250.00	
01/10/2011	CH5964	Greater Philadelphia Chamber of Commerce		RECEPTION	\$300.00	\$0.00	
01/13/2011	CH8180	Bryn Mawr Hospital, The		MULTI YEAR	\$5,000.00	\$5,000.00	
01/15/2011		Alex's Lemonade Stand		ADVERTISING	\$500.00	\$0.00	
01/16/2011		Saint John Neumann Society		EVENT	\$1,000.00	\$1,000.00	
01/19/2011	CH5964	Greater Philadelphia Chamber of Commerce		BREAKFAST	\$600.00	\$0.00	
01/19/2011	CH8356	Water for People		STRAIGHT	\$3,500.00	\$3,500.00	
01/19/2011	CH8361	West Chester University		MULTI YEAR	\$5,000.00	\$5,000.00	
01/21/2011	CH1084	Settlement Music School		STRAIGHT	\$150.00	\$150.00	
01/25/2011	CH8460	Delaware Valley Science Fairs		STRAIGHT	\$500.00	\$500.00	

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
01/25/2011	CH8025		LaSalle University	STRAIGHT	\$2,000.00	\$2,000.00	
01/25/2011	CHTMACC		Transportation Management Assoc. of	DUES	\$1,400.00	\$0.00	
01/26/2011	CH6119		American Jewish Committee	DINNER	\$2,500.00	\$2,500.00	
01/26/2011			PCVB Foundation	EVENT	\$5,000.00	\$5,000.00	
01/29/2011	CH8487		Academy of Music	EVENT	\$1,400.00	\$1,400.00	
01/29/2011	CH8487		Academy of Music	EVENT	\$1,450.00	\$1,450.00	
01/29/2011	CH8487		Academy of Music	EVENT	\$50.00	\$50.00	
01/31/2011	CH5964		Greater Philadelphia Chamber of Commerce	RECEPTION	\$325.00	\$0.00	
02/01/2011	CH8676		Chester County Economic Development	DUES	\$1,000.00	\$0.00	
02/09/2011			Delaware County Library System	STRAIGHT	\$1,000.00	\$1,000.00	
02/12/2011	CH2757		American Heart Association	GALA	\$5,000.00	\$5,000.00	
02/21/2011	CHBB		Bucks Beautiful	STRAIGHT	\$1,000.00	\$1,000.00	
02/21/2011			Pennsylvania Veterans Museum	MULTI YEAR	\$2,500.00	\$2,500.00	
02/25/2011	CH8079		Pennsylvania Ballet	STRAIGHT	\$2,500.00	\$2,500.00	
02/26/2011	CH8491		Media Theatre for the Performing Arts, The	GALA	\$2,500.00	\$2,500.00	
03/01/2011	CH9458		Girl Scouts of SE PA	EVENT	\$3,000.00	\$3,000.00	
03/03/2011	CHFCO		Ann Silverman Community Health Clinic	STRAIGHT	\$1,000.00	\$1,000.00	
03/04/2011	CH1097		Cabrini College	STRAIGHT	\$1,000.00	\$1,000.00	
03/05/2011	CH6185		Pennsylvania Horticultural Society	GALA	\$3,500.00	\$3,500.00	
03/05/2011	CH6185		Pennsylvania Horticultural Society	EVENT	\$1,500.00	\$1,500.00	
03/05/2011	CH9226		Williamson Free School, The	EVENT	\$5,000.00	\$5,000.00	
03/07/2011	CH9644		Montgomery County Lands Trust	STRAIGHT	\$1,000.00	\$1,000.00	
03/08/2011	CH9320		Delaware County Transportation Mgt Assoc	DUES	\$1,000.00	\$0.00	
03/08/2011	CH8048		Franklin Institute Science Museum	STRAIGHT	\$2,500.00	\$2,500.00	
03/09/2011			PA Irish Legislative Caucus	LUNCHEON	\$400.00	\$0.00	
03/11/2011			African American Museum in Philadelphia	GALA	\$3,500.00	\$3,500.00	
03/11/2011			R.W. Sorrell Scholarship Fund	STRAIGHT	\$1,000.00	\$1,000.00	
03/15/2011	CH6119		American Jewish Committee	ADVERTISING	\$1,000.00	\$1,000.00	
03/15/2011	CH1389		March of Dimes	LUNCH	\$1,300.00	\$1,300.00	
03/18/2011	CH9662		Legal Clinic for the Disabled	STRAIGHT	\$200.00	\$200.00	
03/21/2011			Chester County Chamber Foundation	STRAIGHT	\$1,000.00	\$1,000.00	
03/21/2011	CH4539		Chester County Chamber of Business &	STRAIGHT	\$3,000.00	\$0.00	
03/26/2011			Delaware County SPCA	EVENT	\$1,000.00	\$1,000.00	
03/26/2011	CH6066		Surrey Services for Seniors	GALA	\$2,500.00	\$2,500.00	
03/30/2011	CH2868		DCCC Educational Foundation	STRAIGHT	\$1,500.00	\$1,500.00	
04/01/2011	CH5320		Lankenau Hospital Foundation	STRAIGHT	\$1,000.00	\$1,000.00	
04/01/2011			New Horizons Center	STRAIGHT	\$500.00	\$500.00	
04/01/2011			Pennsylvania Coalition Against Rape	ADVERTISING	\$350.00	\$350.00	
04/01/2011	CH1403		Temple University	STRAIGHT	\$1,000.00	\$1,000.00	
04/02/2011			Neumann University	GALA	\$600.00	\$600.00	
04/02/2011			VFMAC Foundation	STRAIGHT	\$2,500.00	\$2,500.00	
04/06/2011	CH5927		Walnut Street Theatre	MULTI YEAR	\$5,000.00	\$5,000.00	

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
04/07/2011	CH5978		Saint Joseph's University	DINNER	\$550.00	\$550.00	
04/08/2011	CH9228		Handi-Crafters, Inc.	STRAIGHT	\$500.00	\$500.00	
04/08/2011	CH8188		Paoi Memorial Hospital	STRAIGHT	\$1,000.00	\$1,000.00	
04/08/2011	CH1180		People's Light and Theatre Company	GALA	\$0.00	\$0.00	
04/09/2011			Crozer-Chester Foundation	GALA	\$3,500.00	\$3,500.00	
04/10/2011	CHFPR1		Foreign Policy Research Institute	LUNCHEON	\$2,500.00	\$2,500.00	
04/10/2011			Women's Center of Montgomery County	BRUNCH	\$500.00	\$500.00	
04/11/2011	CH8828		Gaudenzia, Inc	ADVERTISING	\$500.00	\$500.00	
04/11/2011			Mission Kids Child Advocacy Center of	EVENT	\$500.00	\$500.00	
04/12/2011	CH8323		Urban League of Philadelphia		\$1,000.00	\$1,000.00	
04/13/2011			Community Arts Center	STRAIGHT	\$500.00	\$500.00	
04/14/2011	CH100		Women's Resource Center	LUNCHEON	\$500.00	\$0.00	
04/14/2011	CH100		Women's Resource Center	CONTRIBUTION	\$500.00	\$500.00	
04/15/2011	CH5964		Greater Philadelphia Chamber of Commerce	DINNER	\$5,500.00	\$0.00	
04/16/2011	CH5969		Perkiomen Watershed Conservancy	EVENT	\$1,800.00	\$1,800.00	
04/16/2011			Riddle HealthCare Foundation	GALA	\$5,000.00	\$5,000.00	
04/18/2011	CH1378		Schuylkill River Greenway Assoc.	DUES	\$100.00	\$0.00	
04/20/2011			Chester County Community Foundation	STRAIGHT	\$1,000.00	\$1,000.00	
04/20/2011	CH1543		Water Resources Assoc. of the Delaware	DINNER	\$1,700.00	\$1,700.00	
04/20/2011	CH1543		Water Resources Assoc. of the Delaware	DINNER	\$125.00	\$125.00	
04/20/2011			Wayne Economic Development Corporation	DINNER	\$580.00	\$580.00	
04/25/2011			Drexel University College of Medicine	RECEPTION	\$250.00	\$250.00	
04/29/2011	CH2683		Arts and Business Council of Greater	LUNCHEON	\$875.00	\$875.00	
04/29/2011	CH9286		Arts and Business Council of Greater	LUNCH	\$875.00	\$0.00	
04/30/2011	CH8823		Pennsylvania Society	LUNCH	\$5,000.00	\$5,000.00	
04/30/2011	CHDCVA		Brandywine Valley Association, Inc.	EVENT	\$1,000.00	\$1,000.00	
04/30/2011			Darby Creek Valley Association	EVENT	\$500.00	\$500.00	
04/30/2011	CH6127		John James Audubon Center	EVENT	\$500.00	\$500.00	
04/30/2011	CH9726		Philadelphia Academies, Inc.	DINNER	\$2,500.00	\$2,500.00	
04/30/2011	CHWWVA		Rock School of Pennsylvania Ballet, The	GALA	\$5,000.00	\$5,000.00	
05/01/2011	CH9510		Wissahickon Valley Watershed Assoc.	EVENT	\$500.00	\$500.00	
05/01/2011			Elder Net	ADVERTISING	\$500.00	\$500.00	
05/01/2011			Swarthmore Rotary Charitable Trust	EVENT	\$250.00	\$250.00	
05/03/2011			Pennsylvania Parks & Forests Foundation	EVENT	\$500.00	\$0.00	
05/03/2011	CHPYP		Philadelphia Young Playwrights	ADVERTISING	\$500.00	\$500.00	
05/04/2011	CH6185		Pennsylvania Horticultural Society	EVENT	\$1,000.00	\$1,000.00	
05/05/2011	CH5121		Holy Family University	ADVERTISING	\$1,000.00	\$1,000.00	
05/05/2011	CH1469		WHYY	ADVERTISING	\$1,500.00	\$1,500.00	
05/06/2011	CH8963		Eiwyn	GALA	\$5,000.00	\$5,000.00	
05/06/2011	CH9211		Magee Rehabilitation	STRAIGHT	\$1,250.00	\$1,250.00	
05/07/2011	CH8909		Chester-Ridley-Crum Watershed Association	EVENT	\$1,500.00	\$1,500.00	
05/08/2011	CHCCAA		Chester County Art Association	STRAIGHT	\$1,000.00	\$1,000.00	



# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
05/09/2011	CH6000	Lower Merion Township		STRAIGHT	\$500.00	\$0.00	
05/10/2011	CH5941	Police Athletic League of Philadelphia		DINNER	\$4,000.00	\$4,000.00	
05/13/2011		U.S. Chamber of Commerce		DUES	\$3,000.00	\$0.00	
05/13/2011	CH5927	Walnut Street Theatre		GALA	\$1,000.00	\$1,000.00	
05/14/2011		Green Lane Fire Company		STRAIGHT	\$250.00	\$250.00	
05/15/2011	CH8909	Chester-Ridley-Crum Watershed Association		GOLF OUTING	\$200.00	\$200.00	
05/16/2011	CH1391	Drexel University		GOLF OUTING	\$5,000.00	\$5,000.00	
05/16/2011	CH1274	Pennsylvania Resources Council, Inc. (PRC)		STRAIGHT	\$250.00	\$250.00	
05/17/2011		Fairmount Park Conservancy		DINNER	\$5,000.00	\$5,000.00	
05/19/2011	CH8363	BLOCS-Bus Leadership Organized for		DINNER	\$1,000.00	\$1,000.00	
05/19/2011		Freire Charter School		STRAIGHT	\$1,000.00	\$1,000.00	
05/21/2011	CH4598	Brandywine Conservancy		EVENT	\$400.00	\$400.00	
05/21/2011	CH4598	Brandywine Conservancy		EVENT	\$150.00	\$150.00	
05/21/2011		Juvenile Diabetes Research Foundation		GALA	\$5,000.00	\$5,000.00	
05/21/2011		Millay Club, The		ADVERTISING	\$500.00	\$500.00	
05/21/2011		Radnor Hunt		LUNCH	\$280.00	\$0.00	
05/21/2011		Walk for the Wounded		EVENT	\$500.00	\$500.00	
05/23/2011	CH2680	Harcum College		GOLF OUTING	\$750.00	\$750.00	
05/25/2011		Brandywine Health Foundation		EVENT	\$0.00	\$0.00	
06/01/2011		Bensalem Economic Development		GOLF OUTING	\$150.00	\$150.00	
06/02/2011	CH1284	American Red Cross		BREAKFAST	\$5,000.00	\$5,000.00	
06/03/2011		Children's Crisis Treatment Center		DINNER	\$1,200.00	\$1,200.00	
06/03/2011	CH1449	Community YMCA		GOLF OUTING	\$2,000.00	\$2,000.00	
06/04/2011	CH9531	Horsham Township		STRAIGHT	\$1,000.00	\$0.00	
06/05/2011		Jaws Youth Fund		EVENT	\$1,000.00	\$1,000.00	
06/06/2011		Tredyffrin Historic Preservation Trust		STRAIGHT	\$1,000.00	\$1,000.00	
06/07/2011		Community College of Philadelphia		EVENT	\$500.00	\$500.00	
06/07/2011		Kimmel Center		MULTI YEAR	\$5,000.00	\$5,000.00	
06/08/2011	CH6192	Pennsylvania Environmental Council		DINNER	\$1,500.00	\$1,500.00	
06/10/2011		Delaware County Historical Society		EVENT	\$5,000.00	\$5,000.00	
06/15/2011		Justinian Foundation, The		LUNCHEON	\$250.00	\$250.00	
06/16/2011	CH5990	American Diabetes Association		STRAIGHT	\$1,000.00	\$1,000.00	
06/16/2011		Colonial Neighborhood Council		STRAIGHT	\$500.00	\$500.00	
06/16/2011	CH9462	Cradle of Liberty, BSA		DINNER	\$3,000.00	\$3,000.00	
06/17/2011	CH1532	Junior Achievement of Delaware Valley		STRAIGHT	\$4,000.00	\$4,000.00	
06/17/2011		Make A Wish Foundation		STRAIGHT	\$500.00	\$500.00	
06/20/2011		Center for Autism, The		GOLF OUTING	\$1,000.00	\$1,000.00	
06/20/2011		Foundation of the Delaware County Chamber		GOLF OUTING	\$1,000.00	\$1,000.00	
06/27/2011	CHNWHFS	Northwestern Human Services Foundation		ADVERTISING	\$500.00	\$500.00	
06/28/2011	CH8751	Bryn Mawr Beautiful Foundation		STRAIGHT	\$500.00	\$500.00	
06/28/2011		Media Arts Council		STRAIGHT	\$1,000.00	\$1,000.00	
06/28/2011	CH5927	Walnut Street Theatre		STRAIGHT	\$3,950.00	\$0.00	

# Event Summary Roster

Event Date	ID	Candidate Name	Description	Event Type	Requested	Approved	Participants
06/29/2011	CHCF		Conservation Fund	STRAIGHT	\$1,000.00	\$1,000.00	
06/30/2011	CH9462		Cradle of Liberty, BSA	STRAIGHT	\$5,000.00	\$5,000.00	
					<u>\$644,196.77</u>	<u>\$461,235.00</u>	

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**C. Operating Expense**

- OE14. Please provide the two most recent actuarial studies for both pension expense and post-retirement benefits other than pensions (OPEBs).
- A. See attached Actuarial Reports dated September 2011 and August 2010 for pension expense.
- B. See attached Actuarial Reports dated September 2011 and September 2010 for OPEB expense.

**Aqua America, Inc.**  
**Retirement Income Plan for Aqua  
America, Inc. and Subsidiaries**

**Actuarial Valuation Report  
Pension Cost for Fiscal Year Ending  
December 31, 2011 under U.S. GAAP**

**Employer Contributions for Plan Year  
Beginning January 1, 2011**

**September 2011**

**TOWERS WATSON**



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# Purposes of valuation

## Purposes of valuation

Aqua America, Inc. retained Towers Watson Pennsylvania Inc. ("Towers Watson"), to perform an actuarial valuation of the Retirement Income Plan for Aqua America, Inc. and Subsidiaries for the purpose of determining the following:

- (1) The minimum required contribution in accordance with ERISA and the Internal Revenue Code (IRC) for the plan year beginning January 1, 2011.
- (2) The estimated maximum tax-deductible contribution for the tax year in which the 2011 plan year ends in accordance with ERISA as allowed by the IRC. The maximum tax-deductible contribution should be finalized in consultation with Aqua America's tax advisor.
- (3) Plan accounting information in accordance with FASB Accounting Standards Codification Topic 960 (ASC 960).
- (4) Determination of the Funding Target Attainment Percentage (FTAP) under IRC §430(d)(2), as reported in the Annual Funding Notice required under ERISA 101(f).
- (5) The value of benefit obligations as of January 1, 2011 and Aqua America, Inc.'s pension cost for fiscal year ending December 31, 2011 in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715-30).

## Limitations

This valuation has been conducted for the purposes discussed above and may not be suitable for any other purpose. In particular, please note the following:

- (1) This report is not intended to constitute a certification of the Adjusted Funding Target Attainment Percentage (AFTAP) under IRC §436 for any plan year.
- (2) This report does not determine the plan's liquidity shortfall requirements (if any) under IRC §430(j)(4). If applicable, we will determine such requirements separately, as requested by Aqua America, Inc.
- (3) This report does not determine liabilities on a plan termination basis, for which a separate extensive analysis would be required.
- (4) The cost method for the minimum required contribution is established under IRC §430 and may not in all circumstances produce adequate assets to pay benefits under all optional forms of payment available under the plan when benefit payments are due.

This valuation reflects our understanding of the relevant provisions of the Pension Protection Act of 2006 (PPA); the Worker, Retiree and Employer Recovery Act of 2008 (WRERA); and the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA). The IRS has yet to issue final guidance with respect to certain aspects of these laws. It is possible that guidance may conflict with our understanding of these laws based on currently available guidance and could therefore affect results shown in this report.

# Section 1: Summary of results

## Summary of Valuation Results

All monetary amounts shown in US Dollars

Plan Year Beginning	January 1, 2011	January 1, 2010
<b>Funding</b>		
Market value (with discounted receivable contributions)	163,058,187	138,753,560
Actuarial value of assets	151,336,793	144,172,112
Funding balances	11,282,028	16,336,379
Funding target	174,627,314	159,772,974
Target normal cost	5,934,206	5,512,997
Funding shortfall (surplus)	34,572,549	31,937,241
Funding target attainment percentage (FTAP)	80.20%	80.01%
Minimum required contribution		
Prior to application of funding balances	12,112,405	9,812,239
After application of funding balances	830,377	0
Effective interest rate	6.27%	6.66%
<b>U.S. GAAP Accounting (ASC 715) as of Measurement Date</b>		
Projected benefit obligation (PBO)	210,886,719	193,667,460
Fair value of assets (without receivable contributions)	149,817,220	127,982,893
Funded status	(61,069,499)	(65,684,567)
Pension cost (excluding effects of settlements, curtailments, termination benefits, and capitalized cost adjustments) for fiscal year	8,194,529	9,150,850
Discount rate	5.75%	5.91%
<b>Participants as of Census Date</b>		
Active employees	672	704
Participants with deferred benefits	437	447
Participants receiving benefits	656	624
Total	1,765	1,775
<b>Plan Accounting (ASC 960)</b>		
Present value of accumulated benefits	148,472,384	134,708,999
Market value of assets (with receivable contributions)	163,257,763	139,015,826
Plan accounting discount rate	7.75%	8.00%



## Minimum Required Contribution

All monetary amounts shown in US Dollars

Plan Year Beginning	January 1, 2011	January 1, 2010
Minimum Required Contribution		
Prior to application of funding balances	12,112,405	9,812,239
After application of funding balances	830,377	0

The minimum required contribution for the 2011 plan year must be partially satisfied in quarterly installments during the plan year, with a final payment due by September 15, 2012. These requirements may be satisfied through contributions and/or an election to apply the available funding balances. The minimum required contribution is determined assuming it is paid as of the valuation date for the plan year. Contributions made on a date other than the valuation date must be adjusted for interest at the plan's effective interest rate. The minimum funding schedule, before reflecting any funding balances elections or amounts already contributed for the 2011 plan year prior to the issuance of this report, is shown below:

All monetary amounts shown in US Dollars

Due Date	Amount
April 15, 2011	2,453,060
July 15, 2011	2,453,060
October 15, 2011	2,453,060
January 15, 2012	2,453,060
September 15, 2012	2,978,591

If a plan has a funding shortfall for the current plan year, quarterly contributions will be required in the following plan year.

Because the plan has a funding shortfall, quarterly contributions for the 2012 plan year will be required. Quarterly contributions for the 2012 plan year will not exceed 3,028,102 per payment, based on this year's valuation results.

## Funding ratios

The Pension Protection Act of 2006 (PPA) defines several Funding Ratios. All of these ratios are based on a ratio of plan assets to plan liabilities, but the assets and liabilities are defined differently for different purposes. Depending on the purpose, the assets may be market value or, if different, a smoothed actuarial value of assets, and may be reduced by the prefunding balance or all funding balances, and the liabilities may be based on the funding target, funding target disregarding at-risk assumptions, or the funding target calculated using at-risk assumptions (see the At-Risk section below for a discussion of at-risk assumptions).

Following are the key funding ratios and their implications for the 2011 or 2012 plan years.

Purpose of Ratio	Percent	Threshold	Implications
<b>January 1, 2010 Funding Ratios</b>			
Use of the funding balances to satisfy 2011 Minimum Required Contribution (MRC)	86%	80%	If >= (<) threshold, the funding balances can (cannot) be used to satisfy 2011 MRC
Quarterly contribution exemption test for 2011	80%	100%	If >= (<) threshold, quarterly contributions are not (are) required for 2011
At-risk Prong 1 Test for 2011	80%	80%	If >= either (<both) thresholds, plan is not (is) at risk in 2011
At-risk Prong 2 Test for 2011	N/A	70%	
<b>January 1, 2011 Funding Ratios</b>			
Use of the funding balances to satisfy 2012 MRC	80%	80%	If >= (<) threshold, the funding balances can (cannot) be used to satisfy 2012 MRC
Quarterly contribution exemption test for 2012	80%	100%	If >= (<) threshold, quarterly contributions are not (are) required for 2012
At-risk Prong 1 Test for 2012	80%	80%	If >= either (<both) thresholds, plan is not (is) at risk in 2012
At-risk Prong 2 Test for 2012	N/A	70%	
PBGC 4010 filing in 2012	80%	80%	If >= (<) threshold, this plan does not (may) trigger a 4010 filing in 2012
PBGC variable premium for 2011	96%	100%	If >= (<) threshold, PBGC variable premiums (are not required) (are required) in 2011
Exempt from establishing SAB – prefunding balance applied to 2011 MRC	80%	100%	If >= (<) threshold, and prefunding balance is applied to 2011 MRC, new Shortfall Amortization Base (SAB) is not (is) created
Exempt from establishing SAB – prefunding balance not applied to 2011 MRC	87%	100%	If >= (<) threshold, and prefunding balance is not applied to 2011 MRC, new Shortfall Amortization Base (SAB) is not (is) created
Eliminate SABs	80%	100%	If >= (<) threshold, Shortfall Amortization Bases are (are not) eliminated

## Benefit limitations

Under the PPA, a plan may become subject to various benefit limitations if its funded status falls below certain thresholds.

Plans are prohibited from paying lump sums or other accelerated forms of distribution if the Adjusted Funding Target Attainment Percentage (AFTAP) is below 60%, and the amounts which can be paid are limited if the AFTAP is between 60% and 80%. In addition, lump sums to the 25 highest paid employees may be restricted if a plan's AFTAP is below 110%. This limitation does not apply to mandatory lump sum cash-outs of \$5,000 or less. In addition, plans which were completely frozen before September 2005 are exempt from the restrictions on lump sums and other accelerated forms of distribution.

Benefit accruals must cease, amendments to improve benefits cannot become effective, and plant shutdown benefits and other Unpredictable Contingent Event Benefits (UCEBs) cannot be paid without being fully paid for if the AFTAP is below 60%. In addition, if the AFTAP would be below 80% reflecting a proposed amendment, the plan amendment cannot take effect unless actions are taken to increase plan assets.

To avoid these benefit limitations, a plan sponsor may take a variety of steps, including reducing the funding balances, contributing additional amounts to the plan for the prior plan year, contributing special "designated IRC §436 contributions" for the current plan year, or providing security outside the plan. Not all of these approaches are available for all of the restrictions discussed above. For example, restrictions on accelerated distributions cannot be avoided by making designated IRC §436 contributions.

The AFTAP for 2011 for the plan year beginning January 1, 2011 is 80.05%; This AFTAP may be changed by subsequent events.

Note that this report is not intended to constitute a certification of the AFTAP under IRC §436 for any plan year. The AFTAP for the plan year has been previously certified on March 31, 2011 to be 80.05%.

## Current implications of AFTAP for 2011 Plan Year

We believe that the certified AFTAP of 80.05% for the 2011 plan year has the following implications for benefit limitations described in IRC §436. Aqua America, Inc. should review and confirm these conclusions with ERISA counsel:

- Benefit accruals called for under the plan without regard to IRC §436 must continue.
- Accelerated distributions called for under the plan without regard to IRC §436 must continue in full.
- Amendments that increase benefits must be evaluated at the time they would become effective to determine if they are permissible.
- Plant shutdown and other UCEBs must be evaluated at the time they would become effective to determine if they are permissible.

## Implications of 2011 AFTAP for presumptions in Next Plan Year

Because the AFTAP for the 2011 plan year is at least 80% but less than 90%, the presumed AFTAP for the 2012 plan year would decline 10% on April 1, 2012 if the 2012 plan year AFTAP has not yet been certified. Based on our understanding of the application of IRC §436 to the Retirement Income Plan for Aqua America, Inc. and Subsidiaries, as described above, we believe this decline in presumed AFTAP would cause accelerated distributions to be partially restricted. Aqua America, Inc. should confirm these effects with your counsel.

Note, however, that adoption of plan amendments and/or payment of UCEBs may change this result. We recommend that you consult with ERISA counsel concerning plan amendments.

## PBGC reporting requirements

Certain financial and actuarial information (i.e., a "4010 filing") must be provided to the PBGC if the Funding Target Attainment Percentage (FTAP) is less than 80% for any plan in the contributing sponsor's controlled group. However, this reporting requirement may be waived for controlled groups with no more than \$15 million in aggregate plan underfunding.

The FTAP for 2011 is 80.20%. In addition, we understand that all other pension plans within Aqua America, Inc.'s controlled group also have FTAPs of at least 80%. As a result, no 4010 filing is expected to be required for 2011 as a result of the plans' funded status. However, the only other plan we have considered in this analysis is the New York Water Service Corporation Pension Plan; if there are other plans within the controlled group, a filing may be required. In addition, a filing may also be required if there are outstanding funding waivers or missed contributions within the controlled group.

## At-Risk status

As defined in the PPA, the plan is not in at-risk status for the 2011 plan year, because the plan's FTAP for the 2010 plan year was at least 80%, and/or the plan's FTAP measured using "at-risk assumptions" was at least 70%.

As defined in the PPA, the plan will not be in at-risk status for the 2012 plan year, because the plan's FTAP for the 2011 plan year is at least 80%, and/or the plan's FTAP measured using "at-risk assumptions" is at least 70%.

When a plan is in at-risk status:

- The plan is subject to potentially higher minimum contribution requirements. The funding target and target normal cost for purposes of determining the minimum required contribution must be measured reflecting certain mandated assumptions ("at-risk assumptions"). Specifically, participants eligible to retire within the next 11 years must be assumed to retire immediately when first eligible (but not before the end of the current year), and all participants must be assumed to elect the most valuable form of payment available when they begin receiving benefits. In addition, plans that have been at-risk in past years may also be required to increase the funding target and target normal cost for prescribed assumed expenses. The net effect of these assumptions and expense adjustments in most cases is to increase required contributions and PBGC variable premiums.
- The plan sponsor must indicate in the annual funding notice for the plan that the plan is at-risk and disclose additional at-risk funding targets, and

- Immediate taxation of non-qualified pension or deferred compensation for certain employees may occur if the plan sponsor is a public company. This may result when non-qualified pension or deferred compensation for such employees is funded during a period when a plan sponsored by the plan sponsor or another member of the plan sponsor's controlled group is in at-risk status.

### **Pension Cost and Funded Position**

The cost of the pension plan is determined in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP"). The Fiscal 2011 pension cost for the plan is \$8,194,529, excluding amounts recognized for settlements, curtailments, termination benefits, and capitalized cost adjustments.

Under U.S. GAAP, the funded position (fair value of plan assets less the projected benefit obligation, or "PBO") of each pension plan at the plan sponsor's fiscal year-end (measurement date) is required to be reported as an asset (for overfunded plans) or a liability (for underfunded plans). The PBO is the actuarial present value of benefits attributed to service rendered prior to the measurement date, taking into consideration expected future pay increases for pay-related plans. The plan's overfunded (underfunded) PBO as of January 1, 2011 was \$(61,069,499), based on the fair value of plan assets of \$149,817,220 and the PBO of \$210,886,719.

Fiscal year-end financial reporting information and disclosures are prepared before detailed participant data and full valuation results are available. Therefore, the funded position at December 31, 2010 was derived from a roll forward of the January 1, 2010 valuation results, adjusted for the year-end discount rate, changes in other key assumptions and asset values, as well as significant changes in plan provisions and participant population. The fiscal year-end December 31, 2011 financial reporting information will be developed based on the results of the January 1, 2011 valuation, projected to the end of 2011 and similarly adjusted for the year-end discount rate and asset values, as well as significant changes in plan provisions and participant population.

### **Basis for valuation**

Appendix A summarizes the assumptions and methods used in the valuation, including changes since the prior plan year. Appendix B summarizes the principal provisions of the plan being valued, including changes since the prior plan year.

# Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

## Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets and sponsor elections provided by Aqua America, Inc. and other persons or organizations designated by Aqua America, Inc. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. In addition, the results in this report are dependent on contributions reported for the prior plan year and maintenance of funding balance elections after the valuation date. We have relied on all the information provided as complete and accurate. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or information regarding contributions or funding balance maintenance provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Aqua America, Inc., may produce materially different results that could require that a revised report be issued.

## Assumptions and methods under ERISA and the Internal Revenue Code for funding purposes

As prescribed by regulation the plan sponsor selected key assumptions and funding methods (including asset valuation method and choice among prescribed interest rates) employed in the development of the contribution amounts and communicated them to us in the letter dated March 29, 2011. To the extent not prescribed by ERISA, the Internal Revenue Code and regulatory guidance from the Treasury and the IRS, or selected by the sponsor, the actuarial assumptions and methods employed in the development of the contribution amounts have been selected by Towers Watson, with the concurrence of the plan sponsor. It is beyond the scope of this actuarial valuation to analyze the reasonableness and appropriateness of prescribed methods and assumptions, or to analyze other sponsor elections from among the alternatives available for prescribed methods and assumptions.

Other than prescribed assumptions, ERISA and the Internal Revenue Code require the use of assumptions each of which is "reasonable (taking into account the experience of the plan and reasonable expectations), and which, in combination, offer the actuary's best estimate of anticipated experience under the plan." We believe that the non-prescribed assumptions used in our valuation are reasonable and appropriate for the purposes for which they have been used.

## Assumptions and methods under ASC 715-30-35

The actuarial assumptions and methods employed in the development of the pension cost have been selected by the plan sponsor, with the concurrence of Towers Watson. ASC 715-30-35 requires that each significant assumption "individually represent the best estimate of a particular future event."

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with Aqua America, Inc.'s tax advisors and auditors.

#### Nature of actuarial calculations

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Towers Watson, we consider reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events which cannot be predicted with certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. The numbers shown in this report are not rounded, but this is for convenience only and should not imply precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this valuation to analyze the potential range of future pension contributions; we can do so upon request.

#### Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated December 20, 2010 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of Aqua America, Inc. and its auditors in connection with our actuarial valuation of the pension plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. Aqua America, Inc. may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require Aqua America, Inc. to provide them this report, in which case Aqua America, Inc. will use best efforts to notify Towers Watson in advance of this distribution, and will include the non-reliance notice included at the end of this report. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Watson's prior written consent. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents. There are no intended third-party beneficiaries of this report or the work underlying it.

**Professional Qualifications**

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between Aqua America, Inc. and our employer, Towers Watson Pennsylvania Inc.



Kevin J. Halfpenny, FSA, EA  
Senior Consulting Actuary



Kristin A. Ausiello, ASA, EA  
Consulting Actuary

Towers Watson Pennsylvania Inc.

September 2011



## Section 2: Actuarial exhibits

### 2.1 Summary of liabilities for funding purposes

All monetary amounts shown in US Dollars

Plan Year Beginning	January 1, 2011	January 1, 2010
<b>A Funding Target (Disregarding At-risk Assumptions)</b>		
1 Funding target	174,627,314	159,772,974
2 Target normal cost	5,934,206	5,512,997
<b>B Funding Target (At-risk Assumptions)</b>		
1 Funding target	N/A	N/A
2 Target normal cost	N/A	N/A
<b>C Funding Target</b>		
1 Number of consecutive years at-risk	0	0
2 Funding target		
a Active employees – non-vested benefits	4,390,035	4,467,895
b Active employees – vested benefits	76,857,448	68,922,490
c Participants with deferred benefits	16,430,096	15,493,204
d Participants receiving benefits	76,949,735	70,889,385
e Total funding target	174,627,314	159,772,974
3 Target normal cost	5,934,206	5,512,997

## 2.2 Change in plan assets during plan year

All monetary amounts shown in US Dollars

### A Reconciliation of Market Value of Assets

1	Market value of assets at January 1, 2010 (including discounted contributions receivable)	138,753,560
2	Discounted contributions receivable at January 1, 2010	<u>(10,770,667)</u>
3	Market value of assets at January 1, 2010 (excluding contributions receivable)	127,982,893
4	Employer contributions	
a	For prior plan year	11,032,933
b	For current plan year	0
c	IRC §436 contributions for current plan year	0
d	Total	11,032,933
5	Employee contributions	0
6	Benefit payments	(7,913,572)
7	Administrative expenses paid by plan	(1,104,593)
8	Transfers from/(to) other plans	0
9	Investment return	<u>19,819,559</u>
10	Market value of assets at January 1, 2011 (excluding contributions receivable)	149,817,220
11	Discounted contributions receivable at January 1, 2011	<u>13,240,967</u>
12	Market value of assets at January 1, 2011 (including discounted contributions receivable)	163,058,187

### B Rate of Return on Invested Assets using Time-Weighted Transactions (i.e., for crediting unused funding balances)

1	Rate of return	15.12%
---	----------------	--------

**C Discounted Receivable Contributions at January 1, 2011**

Date	Prior Year Contributions	Discounted Value at January 1, 2011
January 11, 2011	706,759	705,512
January 13, 2011	1,533,333	1,530,088
February 10, 2011	706,759	701,785
February 14, 2011	1,533,333	1,521,468
March 8, 2011	706,759	698,571
March 11, 2011	1,533,333	1,514,767
April 5, 2011	2,240,092	2,203,222
May 11, 2011	1,533,333	1,498,540
May 13, 2011	706,759	690,478
June 13, 2011	2,240,083	2,176,536
Total	13,440,543	13,240,967

## 2.3 Development of Actuarial Value of Assets

All monetary amounts shown in US Dollars

Plan Year Beginning		January 1, 2011	
<b>A Preliminary Actuarial Value of Assets before Corridor as of January 1, 2011</b>			
1	Market value of assets as of January 1, 2011		149,817,220
2	Present value of receivable employer contributions		13,240,967
3	Deferred investment (gains)/losses for prior periods		
Plan Year Beginning	(Gain)/Loss	Percent Deferred	Deferred Amount
a 2010	(10,923,806)	66.667%	(7,282,537)
b 2009	(13,316,575)	33.333%	(4,438,857)
c Total			(11,721,394)
4	Preliminary Actuarial Value of Assets before application of corridor		151,336,793
<b>B</b>	<b>Lower Bound of Corridor</b>		146,752,368
<b>C</b>	<b>Upper Bound of Corridor</b>		179,364,006
<b>D</b>	<b>Actuarial Value of Assets after Corridor as of January 1, 2011</b>		151,336,793

## 2.4 Calculation of minimum required contribution

All monetary amounts shown in US Dollars

<b>Reconciliation of Funding Balances as of January 1, 2011</b>				
	Funding Standard Carryover Balance	Prefunding Balance	Total	
<b>A Determination of Funding Balances</b>				
1	Funding balance as of January 1, 2010	9,919,328	6,417,051	16,336,379
2	Amount used to offset prior year minimum required contribution <sup>1</sup>	3,075,000	0	3,075,000
3	Adjustment for investment experience	1,034,862	970,258	2,005,120
4	Amount of additional prefunding balance created by election	N/A	6,315,529	6,315,529
5	Amount of funding balance reduction for current year by election or deemed election	7,879,190	2,420,810	10,300,000
6	Funding balance as of January 1, 2011	0	11,282,028	11,282,028
<b>Plan Year Beginning</b>				
<b>January 1, 2011</b>				
<b>B Calculation of Minimum Required Contribution</b>				
1	Target normal cost		5,934,206	
2	Funding surplus		0	
3	Net shortfall amortization installment		6,178,199	
4	Waiver amortization installment		0	
5	Minimum funding requirement		12,112,405	
6	Funding balance available		11,282,028	
7	Remaining cash requirement (assuming sponsor elects full use of the available funding balances)		830,377	

The minimum required contribution is determined as of the plan's valuation date. Any payment made on a date other than the valuation date must be adjusted for interest using the plan's effective interest rate of 6.27%.

Additional details regarding the calculation of the minimum required contribution may be obtained from the Form 5500 Schedule SB filings and attachments.

<sup>1</sup> Net of revoked excess application of funding balance, if any

## 2.5 Calculation of estimated maximum deductible contribution

All monetary amounts shown in US Dollars

Based on Plan Year		2011
<b>A Basic Maximum</b>		
1	Funding target	174,627,314
2	Target normal cost	5,934,206
3	Actuarial Value of Assets	151,336,793
4	50% of funding target	87,313,657
5	Additional funding target for future compensation or benefit increases	19,864,080
6	Basic maximum deductible contribution	136,402,464
<b>B At-risk Maximum<sup>1</sup></b>		
1	Funding target (at-risk assumptions)	N/A
2	Target normal cost (at-risk assumptions)	N/A
3	Actuarial Value of Assets	N/A
4	At-risk maximum deductible contribution	N/A
<b>C Minimum Required Contribution</b>		12,112,405
<b>D Estimated Maximum Deductible Contribution</b>		136,402,464

The estimated maximum deductible contribution applies to the tax year in which the plan year ends, and is based on our understanding of IRC §404(a)(1). Regulatory guidance from the IRS/Treasury is pending. Allocations of costs to inventory have not been considered, and amounts deductible under state law may differ. Deductibility can be influenced by timing of contributions, differences between fiscal year and plan year, and differences (if any) between the years to which prior contributions were assigned for minimum funding purposes and the years in which they were deducted. Our results have not been adjusted for non-deducted contributions included in the valuation assets. We recommend that the plan sponsor review with tax counsel the tax-deductibility of all contributions as Towers Watson does not provide legal or tax advice.

This limit has been determined without regard to the special rule of IRC §404(o)(2)(B) providing a potentially higher maximum deduction based on at-risk assumptions, which is available for plans that are not at risk.

<sup>1</sup> At-risk maximum applies only for plans not in at-risk status for the plan year.

## 2.6 ASC 960 (Plan Accounting) information

All monetary amounts shown in US Dollars

Plan Year Beginning	January 1, 2011
<b>A Present Value of Accumulated Benefits</b>	
1 Vested accumulated benefits	
a Active employees	63,217,043
b Participants with deferred benefits	13,288,107
c Participants receiving benefits	68,181,953
d Total vested accumulated benefits	144,687,103
2 Non-vested accumulated benefits	3,785,281
3 Total accumulated benefits	148,472,384
4 Market value of assets <sup>1</sup>	163,257,763
<b>B Reconciliation of Present Value of Accumulated Benefits</b>	
1 Present value of accumulated benefits as of January 1, 2010	134,708,999
2 Changes during the year due to:	
a Benefits accumulated	3,679,833
b Actuarial (gains)/losses	(401,664)
c Decrease in the discount period	10,466,267
d Actual benefits paid	(7,913,572)
e Assumption changes	7,590,181
f Plan amendments <sup>2</sup>	342,340
3 Present value of accumulated benefits as of January 1, 2011	148,472,384

### Actuarial Assumptions

The same actuarial assumptions shown in Appendix A.2 were used to determine the present value of accumulated benefits, except a discount rate of 7.75% was used. For the prior valuation, a discount rate of 8.00% was used. The same plan provisions shown in Appendix B were used to determine the present value of accumulated benefits.

<sup>1</sup> Assets include \$13,440,543 of receivable contributions. Receivable contributions are not discounted for plan reporting purposes.

<sup>2</sup> The minimum monthly benefit level for SEIU Local 32 BJ employees was increased from \$59.75 to \$61.50. Certain benefits, rights and features were updated for designated Consumer Water Company employees.

## 2.7 Pension obligations and funded position under U.S. GAAP (ASC 715)

All monetary amounts shown in US Dollars

Measurement Date	January 1, 2011	January 1, 2010
<b>A Obligations</b>		
Accumulated Benefit Obligation (ABO)		
1 Active employees	89,818,891	80,557,838
2 Participants with deferred benefits	18,421,388	17,340,212
3 Participants receiving benefits	78,567,216	73,048,607
4 Total ABO	186,807,495	170,946,657
5 Future salary increases	24,079,224	22,720,803
6 Projected benefit obligation (PBO)	210,886,719	193,667,460
<b>B Assets</b>		
1 Fair value [FV]	149,817,220	127,982,893
2 Investment losses (gains) not yet in market-related value	0	0
3 Market-related value	149,817,220	127,982,893
<b>C Funded Position</b>		
1 Overfunded (underfunded) PBO	(61,069,499)	(65,684,567)
2 PBO funded percentage	71.04%	66.08%
<b>D Amounts in Accumulated Other Comprehensive Income</b>		
1 Prior service cost (credit)	2,710,624	2,962,588
2 Net actuarial loss (gain)	55,915,453	58,396,474
3 Total	58,626,077	61,359,062
<b>E Key Assumptions</b>		
1 Discount rate	5.75%	5.91%
2 Rate of compensation increase (Corporate/SEIU Local 32BJ/CWC)	4.50%/400%/4.00%	4.50%/400%/4.00%
<b>F Census Date</b>		
	January 1, 2011	January 1, 2010

The results above may differ from the amounts disclosed in Aqua America, Inc.'s 2010 financial statements because disclosures are prepared before the corresponding valuation results are available.



## 2.8 Pension cost under U.S. GAAP (ASC 715)

All monetary amounts shown in US Dollars

Fiscal Year Ending	December 31, 2011	December 31, 2010
<b>A Pension Cost</b>		
1 Service cost	4,117,325	3,933,687
2 Interest cost	12,119,814	11,444,247
3 Expected return on assets	(12,063,771)	(10,521,377)
4 Net prior service cost/(credit) amortization	407,675	396,387
5 Net loss/(gain) amortization	3,613,486	3,897,906
6 Net periodic pension cost/(income)	8,194,529	9,150,850
7 Curtailments	0	0
8 Settlements	0	0
9 Other adjustments	0	0
10 Total pension cost	8,194,529	9,150,850
<b>B Key Assumptions<sup>1</sup></b>		
1 Discount rate	5.75%	5.91%
2 Rate of return on assets	7.75%	8.00%
3 Rate of compensation increase (Corporate/SEIU Local 32BJ/CWC)	4.50%/4.00%/4.00%	4.50%/4.00%/4.00%
<b>C Census Date</b>		
	January 1, 2011	January 1, 2010

<sup>1</sup> These assumptions were used to calculate Net Periodic Pension Cost/(Income) as of the beginning of the year. For other assumptions used, as well as assumptions used for interim remeasurements, if any, refer to Appendix A.

## Section 3: Participant data

### 3.1 Summary of plan participants

All monetary amounts shown in US Dollars

Census Date	January 1, 2011	January 1, 2010
<b>A Active Employees</b>		
1 Number	672	704
2 Expected plan compensation for year beginning on the valuation date (limited by IRC §401(a)(17))	49,984,667	50,735,279
3 Average plan compensation	74,382	72,067
4 Average age	51.9	51.2
5 Average credited service	21.0	20.1
5 Average future service	9.6	10.0
<b>B Participants with Deferred Benefits</b>		
1 Number	437	447
2 Total annual pension	3,064,239	3,119,177
3 Average annual pension	7,012	6,978
4 Average age	52.9	52.5
5 Distribution at January 1, 2011		
	<b>Number</b>	<b>Annual Pension</b>
Age		
Under 40	17	84,388
40-44	39	255,305
45-49	87	570,721
50-54	105	883,679
55-59	105	747,919
60-64	67	494,919
65 and over	17	57,792

**C Participants Receiving Benefits**

1	Number	656	624
2	Total annual pension	8,141,370	7,717,008
3	Average annual pension	12,411	12,367
4	Average age	73.7	73.6
5	Distribution at January 1, 2011		

Age	Number	Annual Pension
Under 55	3	25,243
55-59	31	501,983
60-64	78	1,515,090
65-69	127	1,597,246
70-74	117	1,321,642
75-79	114	1,413,178
80-84	100	1,102,222
85 and over	86	664,766

### 3.2 Participant reconciliation

Participant Reconciliation				
	Active	Deferred Inactive	Currently Receiving Benefits	Total
1. Included in January 1, 2010 valuation	704	447	624	1,775
2. Change due to:				
a. New hire and rehire	0	0	0	0
b. Non-vested termination	0	0	0	0
c. Vested termination	(11)	11	0	0
d. Retirement	(18)	(21)	39	0
e. Disability	0	0	0	0
f. Death without beneficiary	(1)	0	(12)	(13)
g. Death with beneficiary	(2)	(2)	(8)	(12)
h. New beneficiary	0	2	10	12
i. Miscellaneous	0	0	3	3
j. Net change	(32)	(10)	32	(10)
3. Included in January 1, 2011 valuation	672	437	656 <sup>1</sup>	1,765

<sup>1</sup> Includes 4 participants receiving benefits as a result of a Qualified Domestic Relations Order

### 3.3 Age and service distribution of participating employees

Attained Age	Schedule of Active Participant Data										
	Total Years of Credited Service										
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<25	0	0	0	0	0	0	0	0	0	0	0
Count	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	3	0	0	0	0	0	0	0	0
Count	0	0	3	0	0	0	0	0	0	0	0
30 to 34	0	0	13	10	0	0	0	0	0	0	0
Count	0	0	13	10	0	0	0	0	0	0	0
35 to 39	0	0	12	19	7	0	0	0	0	0	0
Count	0	0	12	19	7	0	0	0	0	0	0
40 to 44	0	0	18	16	17	18	0	0	0	0	0
Count	0	0	18	16	17	18	0	0	0	0	0
45 to 49	0	4	17	24	15	41	21	2	0	0	0
Count	0	4	17	24	15	41	21	2	0	0	0
50 to 54	0	0	8	20	24	31	31	30	1	0	0
Count	0	0	8	20	24	31	31	30	1	0	0
55 to 59	0	0	7	22	17	26	23	32	27	2	2
Count	0	0	7	22	17	26	23	32	27	2	2
60 to 64	0	2	4	12	5	16	12	14	15	6	6
Count	0	2	4	12	5	16	12	14	15	6	6
65 to 69	0	0	1	6	4	5	2	1	2	1	1
Count	0	0	1	6	4	5	2	1	2	1	1
70 & up	0	0	1	1	2	0	0	0	0	0	2
Count	0	0	1	1	2	0	0	0	0	0	2
Average Age: 51.9											Average Service: 21.0

# Appendix A : Statement of actuarial assumptions and methods

## 1. Assumptions and methods for contribution purposes

### Actuarial Assumptions and Methods — Contributions

#### Economic Assumptions

##### Interest rate basis:

- |                     |               |
|---------------------|---------------|
| ▶ Applicable month  | September     |
| ▶ Yield curve basis | Segment rates |

##### Interest rates:

- |                           |       |
|---------------------------|-------|
| ▶ First segment rate      | 3.78% |
| ▶ Second segment rate     | 6.31% |
| ▶ Third segment rate      | 6.57% |
| ▶ Effective interest rate | 6.27% |

##### Annual rates of increase

- |                                     |                   |
|-------------------------------------|-------------------|
| ▶ Salaries:                         |                   |
| – Corporate/SEIU Local 32BJ/CWC     | 4.50%/4.00%/4.00% |
| ▶ Future Social Security wage bases | 4.50%             |
| ▶ Statutory limits on compensation  | 3.00%             |

#### Demographic Assumptions

- |                          |   |
|--------------------------|---|
| Inclusion Date           | The valuation date coincident with or next following the date on which the employee becomes a participant   |
| New or rehired employees | It was assumed there will be no new or rehired employees  |
| Mortality                |   |
| ▶ Healthy                | Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2018 using Scale AA) |
| ▶ Disabled               | Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2018 using Scale AA) |

Termination

Rates varying by age

**Representative Termination Rates for Corporate and SEIU Local 32BJ employees:**

Percentage leaving during the year	
Attained Age	Rate
25	.09
40	.04
50	.01

**Representative Termination Rates for CWC employees:**

Percentage leaving during the year	
Attained Age	Rate
25	.08
40	.045
55	.01

Disability

For SEIU Local 32BJ employees only. Rates varying by age and sex

**Representative Disability Rates for SEIU Local 32BJ employees:**

Percentage becoming disabled during the year		
Age	Males	Females
30	.001	.002
45	.002	.003
60	.014	.021

Retirement

Rates varying by age, average age 63

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age are shown below.

**Representative Retirement Rates for Corporate and SEIU Local 32BJ employees:**

Percentage retiring during the year	
Age	Rate
55-59	.02
60-61	.05
62	.20
63-64	.15
65	.50
66+	1.00

**Representative Retirement Rates for CWC employees:**

Percentage retiring during the year	
Age	Rate
55-59	.05
60-61	.10
62	.25
63-64	.15
65	.50
66+	1.00

**Benefit****commencement date:**

- ▶ Preretirement death benefit For Corporate or SEIU Local 32BJ employees: The later of the death of the active participant or the date the participant would have been eligible to retire  
For CWC employees: The later of the death of the active participant or the date the participant would have been age 55
- ▶ Deferred vested benefit The later of retirement eligibility or termination of employment
- ▶ Disability benefit Upon disablement
- ▶ Retirement benefit Upon termination of employment

**Form of payment**

Life annuity for 100% of single participants and 40% of married participants; 50% contingent annuitant option for remaining married participants

**Percent married**

Corporate and SEIU Local 32BJ: 80%  
CWC: 85%

**Spouse age**

Wife three years younger than husband

**Covered pay**

Corporate and SEIU Local 32BJ: W-2 earnings increased by the salary increase assumption of 4.50% for Corporate employees and 4.00% for SEIU Local 32BJ employees  
CWC: Rate of pay as of the valuation date

**Administrative expenses**

Average of actual expenses paid by the trust over the past two years of \$1,040,000

**Timing of benefit payments**

Annuity payments are assumed to be payable monthly



## Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year
Actuarial value of assets	<p>Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2010 plan year.)</p> <p>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.</p>
Change in assumptions and methods since prior valuation	<p>The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2009 to September 2010.</p> <p>The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements.</p>

## 2. Assumptions and methods for pension cost purposes

### Actuarial Assumptions and Methods — Pension Cost

#### Economic Assumptions

Discount rate	5.75%
Return on assets	7.75%
Annual rates of increase	
▶ Salaries:	
– Corporate/SEIU Local 32BJ/CWC	4.50%/4.00%/4.00%
▶ Social Security wage base	4.50%
▶ Statutory limits on compensation and benefits	3.00%

The return on assets shown above is net of investment expenses and administrative expenses assumed to be paid from the trust.

#### Demographic Assumptions

Inclusion Date	The valuation date coincident with or next following the date on which the employee becomes a participant
New or rehired employees	It was assumed there will be no new or rehired employees
Mortality	
▶ Healthy	Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2018 using Scale AA)
▶ Disabled	Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2018 using Scale AA)

Termination

Rates varying by age

**Representative Termination Rates for Corporate and SEIU Local 32BJ employees:**

Percentage leaving during the year	
Attained Age	Rate
25	.09
40	.04
50	.01

**Representative Termination Rates for CWC employees:**

Percentage leaving during the year	
Attained Age	Rate
25	.08
40	.045
55	.01

Disability

For SEIU Local 32BJ employees only. Rates varying by age and sex

**Representative Disability Rates for SEIU Local 32BJ employees:**

Percentage becoming disabled during the year		
Age	Males	Females
30	.001	.002
45	.002	.003
60	.014	.021

Retirement

Rates varying by age, average age 63

**Representative Retirement Rates for Corporate and SEIU Local 32BJ employees:**

Percentage retiring during the year	
Age	Rate
55-59	.02
60-61	.05
62	.20
63-64	.15
65	.50
66+	1.00

**Representative Retirement Rates for CWC employees:**

Percentage retiring during the year	
Age	Rate
55-59	.05
60-61	.10
62	.25
63-64	.15
65	.50
66+	1.00

**Benefit****commencement date:**

- ▶ Preretirement death benefit For Corporate or SEIU Local 32BJ employees: The later of the death of the active participant or the date the participant would have been eligible to retire  
For CWC employees: The later of the death of the active participant or the date the participant would have been age 55
- ▶ Deferred vested benefit The later of retirement eligibility or termination of employment
- ▶ Disability benefit Upon disablement
- ▶ Retirement benefit Upon termination of employment

**Form of payment**

Life annuity for 100% of single participants and 40% of married participants; 50% contingent annuitant option for remaining married participants

**Percent married**

Corporate and SEIU Local 32BJ: 80%

CWC: 85%

**Spouse age**

Wife three years younger than husband

**Covered pay**

Corporate and SEIU Local 32BJ: W-2 earnings increased by the salary increase assumption of 4.50% for Corporate employees and 4.00% for SEIU Local 32BJ employees

CWC: Rate of pay as of the valuation date

**Administrative expenses**

Return on asset assumption is net of any expenses paid by the trust.

**Amount and timing of contributions**

Contributions reflect actual amounts already made and expected to be made through the remainder of the year, as provided by Aqua America, Inc.

**Timing of benefit payments**

Annuity payments are assumed to be payable monthly

Methods	
Service cost and projected benefit obligation	Projected unit credit
Market-related value of assets	Fair value
Amortization of unamortized amounts:	
▶ Past service cost (credit)	Increase or decrease in PBO resulting from a plan amendment is amortized on a straight-line basis over the average expected remaining service of active participants expected to benefit under the plan. Reduction in PBO first reduces any unrecognized prior service cost; any remaining amount is amortized on a straight-line basis as described above.
▶ Net loss (gain)	Net loss (gain) in excess of 10% of the greater of PBO or the market-related value of assets is amortized on a straight-line basis over the average expected remaining service of active participants expected to benefit under the plan.
Change in assumptions and methods since prior valuation	<p>The discount rate for benefit obligations was changed from 5.91% to 5.75%</p> <p>The expected rate of return on assets was changed from 8.00% to 7.75%</p> <p>The mortality table was changed from RP-2000 combined healthy, no collar adjustment, projected to 2015 and phased out linearly using Scale AA to separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2018 using Scale AA).</p>

## Appendix B : Summary of plan provisions

### Plan Effective Date

This plan was created by the merger of the Retirement Plan for Employees of Philadelphia Suburban Corporation into the Retirement Income Plan for Salaried Employees of Philadelphia Suburban Water Company. The plan was amended and restated effective January 1, 2008. The most recent amendment was adopted on December 7, 2010 and effective January 1, 2011.

### Plan Provisions – Part A for Philadelphia Suburban Corporation and Subsidiaries Employees

Covered Employees	Participants in the plan on December 31, 1995 continue as participants in this plan. This plan is closed to new entrants who were hired or rehired on or after April 1, 2003. All other Eligible Class Employees become participants on the applicable participation date.
Participation Date	Eligible Class Employees become participants on the earlier of (i) or (ii): <ul style="list-style-type: none"> <li>(i) The January 1 on or following completion of six months of continuous employment.</li> <li>(ii) The January 1 nearest the completion of one Year of Service.</li> </ul>

### Definitions

Computation Period	Calendar year
Eligible Class Employee	Any salaried or hourly paid employee not includable in a class of employees entitled to participate in another defined benefit pension plan of the Company or employed in a category that the Company has designated as ineligible for participation. Employees covered by a collective bargaining agreement are not covered under Part A of this plan.
Year of Service (Vesting)	One year is earned for each Computation Period during which 1,000 hours or more are credited. Except as noted below, Year of Service for vesting purposes from original date of hire.

<u>Acquired Group</u>	<u>Date Vesting Credit Begins</u>
Uwchlan	January 1, 1993
Great Valley Water Company	January 1, 1995
Media Water Company	Original date of hire
Hatboro Water Company	Original date of hire
Utilities Group Services, Inc.	Original date of hire
Bristol	Original date of hire
Borough of West Chester	Original date of hire
Bensalem Township	Original date of hire
NYWS Salaried Participants	Original date of hire

**Year of Service (Benefit Accrual)** One year is earned for each Computation Period during which 1,000 hours or more are credited. Except as noted below, Year of Service for benefit accrual purpose from date of hire.

<u>Acquired Group</u>	<u>Date Benefit Accrual Credit Begins</u>
Uwchlan	January 1, 1993
Great Valley Water Company	January 1, 1995
Media Water Company	January 1, 1995
Hatboro Water Company	November 1, 1996
Utilities Group Services, Inc.	November 1, 1996
Bristol	January 1, 1997
Borough of West Chester	January 1, 1998
Bensalem Township	January 1, 2000
NYWS Salaried Participants	January 1, 2009

**Applicable Compensation** Total earnings of an employee, paid during the Computation Period, that are subject to withholding of federal income taxes, excluding values of fringe benefits and income resulting from exercising of stock options, sale of stock, stock appreciation rights and deferred or contingent compensation arrangements.

**Average Applicable Compensation** The annual average of the Applicable Compensation during the five consecutive Computation Periods of the final 10 Computation Periods as an active participant yielding the highest such average.

**Covered Compensation** The average of the Social Security wage bases in effect during the 35 years ending with the year the participant attains Social Security Retirement Age. Covered Compensation is calculated as though the participant attains Social Security Retirement Age in year of termination.

#### Eligibility for Benefits

<b>Normal Retirement</b>	The first day of the month coincident with or next following attainment of age 65 and five Years of Service.
<b>Early Retirement</b>	The first of the month on or next following attainment of age 55 and completion of 10 Years of Service.
<b>Postponed Retirement</b>	All participants retiring after their normal retirement date.
<b>Vested Termination</b>	Completion of five Years of Service.
<b>Disability</b>	Completion of 10 Years of Service and eligibility for disability retirement benefits under the Federal Social Security Act.
<b>Preretirement Death</b>	Spouses of participants who die after earning a vested accrued benefit whether or not employed at death.

### Benefits Paid Upon the Following Events

Normal Retirement	<p>The sum of (i) and (ii), minimum the greater of (iii), (iv) or (v):</p> <p>(i) 1.35% of Average Applicable Compensation up to Covered Compensation plus 1.8% of the excess; the sum multiplied by Years of Service to a maximum of 25.</p> <p>(ii) 0.5% of Average Applicable Compensation multiplied by Years of Service in excess of 25.</p> <p>(iii) Minimum Benefit: Amount determined in schedule below multiplied by total Years of Service.</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Date of Termination, or if earlier, Normal Retirement Date</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>On or before November 30, 1977</td> <td style="text-align: right;">\$ 84</td> </tr> <tr> <td>December 1, 1977 – November 30, 1978</td> <td style="text-align: right;">108</td> </tr> <tr> <td>December 1, 1978 – November 30, 1979</td> <td style="text-align: right;">120</td> </tr> <tr> <td>December 1, 1979 – November 30, 1981</td> <td style="text-align: right;">144</td> </tr> <tr> <td>December 1, 1981 – November 30, 1982</td> <td style="text-align: right;">180</td> </tr> <tr> <td>December 1, 1982 – November 30, 1983</td> <td style="text-align: right;">240</td> </tr> <tr> <td>December 1, 1983 – November 30, 1984</td> <td style="text-align: right;">264</td> </tr> <tr> <td>December 1, 1984 and thereafter</td> <td style="text-align: right;">300</td> </tr> </tbody> </table> <p>(iv) Benefit accrued to December 31, 1988 based on the plan in effect at that date.</p> <p>(v) Effective January 1, 2002 and amended January 1, 2005 and January 1, 2008, a schedule of minimum benefits, for certain individuals, applicable at normal retirement age.</p>	<u>Date of Termination, or if earlier, Normal Retirement Date</u>	<u>Amount</u>	On or before November 30, 1977	\$ 84	December 1, 1977 – November 30, 1978	108	December 1, 1978 – November 30, 1979	120	December 1, 1979 – November 30, 1981	144	December 1, 1981 – November 30, 1982	180	December 1, 1982 – November 30, 1983	240	December 1, 1983 – November 30, 1984	264	December 1, 1984 and thereafter	300
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December 1, 1984 and thereafter	300																		
Early Retirement	<p>Benefit payable at normal retirement date, reduced 1/4 of 1% for each calendar month payment precedes age 65.</p> <p>Effective December 1, 1986, participants who have attained age 62 and completed 30 years of service are eligible for unreduced early retirement benefits.</p>																		
Postponed Retirement	<p>The greater of the benefit payable at normal retirement date, increased 1/2 of 1% for each month between normal retirement date and deferred retirement date and the benefit accrued to actual retirement.</p>																		
Vested Termination	<p>Normal Retirement benefit as described above based on Average Applicable Compensation, Years of Service and Covered Compensation at termination. Participants who had completed 10 Years of Service are applicable for benefits as early as age 55, reduced as described in Early Retirement benefit above.</p>																		
Disability	<p>Normal Retirement benefit as described above, assuming Applicable Compensation at date of disability remains level and Years of Service continue to accrue until actual retirement. Participants not covered by a long-term disability plan may elect to receive a pension commencing on the first day of the month following the determination of disability.</p>																		



### Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of 75% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66 2/3%, 75% or 100% joint and survivor annuity, a five, ten, or fifteen year certain and life annuity, or (for married participants) a life annuity. Actuarial equivalence is based on the 1994 GAR mortality table and 6% interest.
Postretirement death benefit	None except as provided under normal or optional forms of annuities.
Plan Participants' Contributions	None
Pension Increases	None
Maximum on benefits and pay	All benefits and pay subject to maximum limitations specified by the Employee Retirement Income Security Act of 1974, as amended and defined by the Code for that calendar year.

### Benefits Not Valued

Benefits Not Valued	<p>All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Aqua America, Inc. and, based on that review, is not aware of any significant benefits required to be valued that were not.</p> <p>The plan pays small benefits (with a present value up to \$5,000 in a single lump sum payment.) Such lumps sums are not explicitly valued as such; rather such participants benefits are valued using the benefit choice assumptions described above.</p> <p>The plan conditions accruals for the 5 highest paid employees of the company upon satisfaction of the requirements of IRC Section 410(b) and 401(a)(4). This conditionality is not explicitly valued, but rather these employees are expected to continue accruals under the plan.</p>
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### Future Plan Changes

No future plan changes were recognized in this valuation. Towers Watson is not aware of any future plan changes which are required to be reflected.

### Changes in Benefits Valued Since Prior Year

Effective January 1, 2011, this Part A of the plan was amended to condition benefit accruals for the 5 highest paid employees of the company upon satisfaction of the requirements of the Internal Revenue Code Section 410(b) and Section 401(a)(4) for each plan year.

### Plan Provisions – Part B for SEIU Local 32BJ Employees

Covered Employees	Participants in the plan on December 31, 1995 continue as participants in this plan. All other Eligible Class Employees become participants on the applicable participation date. This plan is closed to new entrants who were hired or rehired on or after January 1, 2004.
Participation Date	Eligible Class Employees become participants on the earlier of (i) or (ii): <ul style="list-style-type: none"> <li>(i) The January 1 on or following completion of six months of continuous employment.</li> <li>(ii) The January 1 nearest the completion of one Year of Service.</li> </ul>

### Definitions

Predecessor Plan	Retirement Income Plan for Employees of Philadelphia Suburban Water Company as of December 31, 1980.
Computation Period	Calendar year
Eligible Class Employee	Any employee whose terms and conditions of employment are determined pursuant to a collective bargaining agreement between the employer and the union.
Year of Service	<p>One year is earned for each Computation Period during which 1,000 hours or more are credited. For vesting purposes Years of Service as of January 1, 1981 cannot be less than the number credited under the Predecessor Plan. For benefit accrual purposes, Years of Service prior to January 1, 1981 are calculated under the terms of the Predecessor Plan.</p> <p>Service prior to January 1, 1985 for former employees of Great Valley Water Company and January 1, 1993 for former employees of Uwchlan is counted for eligibility purposes and ignored for vesting and benefit accrual purposes.</p> <p>Former employees of Media Water Company and Hatboro Water Company are credited with years of service with the former employer for eligibility and vesting purposes only; service prior to January 1, 1995 for former Media employees and prior to November 1, 1996 for Hatboro employees is ignored for benefit accrual purposes.</p> <p>Former employees of Borough of West Chester, Bristol and Bensalem are credited with years of service with the former employer for eligibility and vesting purposes only; service prior to January 1, 1997 for former Bensalem employees, prior to January 1, 1998 for former West Chester employees and prior to January 1, 1997 for Bristol employees is ignored for benefit accrual purposes.</p>
Applicable Compensation	Total earnings of an employee, paid during the Computation Period, which are subject to withholding of federal income taxes, excluding values of fringe benefits and income resulting from exercising of stock options, sale of stock, stock appreciation rights and deferred or contingent compensation arrangements.

Average Applicable Compensation	The annual average of the Applicable Compensation during the 5 consecutive Computation Periods of the final 10 Computation Periods as an active participant yielding the highest such average.
Covered Compensation	The average of the Social Security wage bases in effect during the 35 years ending with the year the participant attains Social Security Retirement Age. Covered Compensation is calculated as though the participant attains Social Security Retirement Age in year prior to termination.

#### Eligibility for Benefits

Normal Retirement	The first day of the month coincident with or next following attainment of age 65.
Early Retirement	The first of the month on or next following attainment of age 55 and completion of 15 Years of Service.
Postponed Retirement	All participants retiring after their normal retirement date.
Vested Termination	Completion of 5 Years of Service or age 65, if earlier.
Disability	Completion of 10 Years of Service and eligibility for disability retirement benefits under the Federal Social Security Act.
Preretirement Death	For spouses of participants who die after earning a vested accrued benefit whether or not they are employed at the time of death.

#### Benefits Paid Upon the Following Events

Normal Retirement	The sum of (i) and (ii), minimum the greater of (iii) or (iv):
	(i) 1.0% of Average Applicable Compensation up to Covered Compensation plus 1.4% of the excess; the sum multiplied by Years of Service to a maximum of 25.
	(ii) 0.5% of Average Applicable Compensation multiplied by Years of Service in excess of 25.
	(iii) Minimum Benefit: Amount determined in Schedule below multiplied by Years of Service.

<u>Date of Termination or Normal Retirement Date, if Earlier</u>	<u>Amount</u>
On or before November 30, 1977	\$ 84.00
December 1, 1977 – November 30, 1978	108.00
December 1, 1978 – November 30, 1979	120.00
December 1, 1979 – November 30, 1981	144.00
December 1, 1981 – November 30, 1982	180.00
December 1, 1982 – November 30, 1983	240.00
December 1, 1983 – November 30, 1984	264.00
December 1, 1984 – November 30, 1988	300.00
December 1, 1988 – November 30, 1989	324.00
December 1, 1989 – November 30, 1990	336.00
December 1, 1990 – November 30, 1991	348.00
December 1, 1991 – November 30, 1993	360.00
December 1, 1993 – November 30, 1994	372.00
December 1, 1994 – November 30, 1996	384.00
December 1, 1996 – November 30, 1997	396.00

December 1, 1997 – November 30, 1998	420.00
December 1, 1998 – November 30, 1999	444.00
December 1, 1999 – November 30, 2000	468.00
December 1, 2000 – November 30, 2001	492.00
December 1, 2001 – November 30, 2002	528.00
December 1, 2002 – December 31, 2003	552.00
January 1, 2004 – November 30, 2004	588.00
December 1, 2004 – November 30, 2005	624.00
December 1, 2005 – December 31, 2006	648.00
January 1, 2007 – November 30, 2007	672.00
December 1, 2007 – November 30, 2008	684.00
December 1, 2008 – December 31, 2009	696.00
January 1, 2010 – December 31, 2010	717.00
January 1, 2011 and thereafter	738.00

(iv) Benefit accrued to December 31, 1988 based on the plan in effect at that date.

Early Retirement	<p>Normal Retirement benefit as described above, reduced 1/4 of 1% for each calendar month payment precedes age 65.</p> <p>Effective December 1, 1986, participants who have attained age 62 and completed 30 Years of Service are eligible for unreduced early retirement benefits.</p>
Postponed Retirement	<p>The greater of the benefit payable at normal retirement date, increased 1/2 of 1% for each month between normal retirement date and deferred retirement date and the benefit accrued to actual retirement.</p>
Vested Termination	<p>Normal Retirement benefit as described above based on Average Applicable Compensation and Years of Service at termination is payable at age 65. Participants who had completed 15 Years of Service are eligible for benefits as early as age 55, reduced as described in Early Retirement benefit above.</p>
Disability	<p>Normal Retirement benefit as described above assuming Applicable Compensation and Years of Service at date of disability. Benefit is payable anytime after date of disability for as long as participant is disabled.</p>
Preretirement death	<p>A monthly benefit for life equal to 75% of the benefit described in Early Retirement benefit calculated as if the participant had separated from service on the date of death, survived to the earliest retirement age and retired with a qualified contingent annuity.</p>

### Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of 75% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66 2/3%, 75% or 100% joint and survivor annuity, a five, ten, or fifteen year certain and life annuity, or (for married participants) a life annuity. Actuarial equivalence is based on the 1994 GAR mortality table and 6% interest.
Postretirement death benefit	None except as provided under normal or optional forms of annuities.
Plan Participants' Contributions	None
Pension Increases	None
Maximum on benefits and pay	All benefits subject to maximum limitations specified by the Employee Retirement Income Security Act of 1974, as amended.

### Benefits Not Valued

Benefits Not Valued	<p>All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Aqua America, Inc. and, based on that review, is not aware of any significant benefits required to be valued that were not.</p> <p>The plan pays small benefits (with a present value up to \$5,000 in a single lump sum payment.) Such lumps sums are not explicitly valued as such; rather such participants benefits are valued using the benefit choice assumptions described above.</p>
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### Future Plan Changes

No future plan changes were recognized in this valuation. Towers Watson is not aware of any future plan changes which are required to be reflected.

### Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year except for ASC 960 (plan accounting purposes). For plan accounting purposes, the minimum monthly benefit was increased from \$59.75 to \$ 61.50.

### Plan Provisions – Part C for Consumers Water Company and Associated Companies Employees

Covered Employees	Participants in the plan as of January 1, 2004 shall continue to be participants. Each other Eligible class employee shall become participant on pre-applicable participation date.
Participation Date	<p>Effective January 1, 2003, Employees become participants on the earlier of (a) or (b):</p> <p>(a) The January 1 on or following completion of six months of continuous employment.</p> <p>(b) The January 1 nearest the completion of one Year of Service.</p> <p>This plan is closed to new entrants who were hired or rehired on or after April 1, 2003 for nonunion participants, and for union participants, the date the union contract was ratified.</p>

### Definitions

Computation Period	Calendar year
Year of Service (Vesting)	One year is earned for each plan year during which 1,000 hours or more are credited.
Credited Service	Number of plan years during which an employee has completed 2,080 hours of service. Partial years are credited in years with less than 2,080 hours in proportion to the number of hours of service divided by 2,080 (to the nearest one-twelfth).
Applicable Compensation	Basic annual rate of pay as of January 1 of each year.
Average Applicable Compensation	The annual average of the Applicable Compensation during the five consecutive Computation Periods as an active participant yielding the highest such average.
Designated Participants	<p>A Participant who is an Eligible Class Employee employed by an Employer on January 1, 2011 and (i) who is not an Employee covered by a collective bargaining agreement or (ii) who is an Employee covered by a collective bargaining agreement on January 1, 2011 with one of the following unions:</p> <p>Susquehanna Union - Local No 563, A.F.L. - C.I.O. Utility Workers of America</p> <p>Kankakee Union - Utility Workers Union of America A.F.L. - C.I.O. Local 467</p> <p>Roaring Creek Union - Local No. 334, A.F.L. - C.I.O. Utility Workers of America</p> <p>Shenango Union - Utility Workers Union of America A.F.L. - C.I.O. Local 285</p> <p>New Jersey Union - Service Employees International Union Local 32BJ</p>

### Eligibility for Benefits

Normal Retirement	The first day of the month coincident with or next following attainment of age 65.
Early Retirement	When the sum of member's age and Years of Service equals or exceeds 95, or, for Designated Participants age 62 with 30 Years of Service.
Premature Retirement	The earlier of (i) or (ii): (i) Attained age 55 and 20 Years of Service or, for Designated Participants, attained age 55 and 10 Years of Service. (ii) Attained age 62 and 5 Years of Service.
Vested Termination	Completion of at least five Years of Service after member's 18th birthday.
Preretirement Death	Spouses of participants who die after earning a vested accrued benefit.

### Benefits Paid Upon the Following Events

Normal Retirement	1.50% of Average Compensation multiplied by Credited Service to a maximum of 35 years.
Early Retirement	Normal Retirement benefit as described above based on Average Compensation and Credited Service at date of termination.
Premature Retirement	(i) Attained age 55 and 20 Years of Service (or age 55 and 10 Years of Service for Designated Participants). A. Deferred Benefit – Unreduced benefit commencing at Normal Retirement Date or Projected Early Retirement Date, based on Average Compensation and Credited Service on Premature Retirement Date. B. Immediate Benefit – Normal Retirement benefit, reduced by ½ of 1% (¼ of 1% for Designated Employees) for each month by which Premature Retirement Date precedes the earlier of Normal or Projected Early Retirement Date. (ii) Attained age 62 and 5 Years of Service. A. Deferred Benefit – Unreduced benefit commencing at Normal Retirement Date or Projected Early Retirement Date, based on Average Compensation and Credited Service on Premature Retirement Date. B. Immediate Benefit – Normal Retirement benefit, reduced by ½ of 1% (¼ of 1% for Designated Participants) for each month by which Premature Retirement Date precedes Normal Retirement Date.
Vested Termination	Normal Retirement benefit as described above based on Average Compensation and Credited Service at termination. Participants can elect to retire at Early Retirement age or Premature Retirement age. Benefits are reduced in accordance with Premature Retirement Section (ii)B above.

### Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 50%, 66 2/3%, 75% or 100% joint and survivor annuity, a ten-year certain and life annuity (for Designated Participants, a five or fifteen-year certain and life annuity), or (for married participants) a life annuity. Actuarial equivalence is based on the 1994 GAR mortality table and 6% interest for annuity options. For the Social Security level income option, Actuarial Equivalence is based on the greater of 1971 GAM mortality table and 6% interest or the interest rate and mortality specified under IRS Code 417(e)(3) for the year in which benefits commence.
Postretirement death benefit	None except as provided under normal or optional forms of annuities.
Plan Participants' Contributions	None
Maximum on benefits and pay	All benefits and pay subject to maximum limitations specified by the Employee Retirement Income Security Act of 1974, as amended and defined by the Code for that calendar year.

### Benefits Not Valued

Benefits Not Valued	<p>All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Aqua America, Inc. and, based on that review, is not aware of any significant benefits required to be valued that were not.</p> <p>The plan pays small benefits (with a present value up to \$5,000 in a single lump sum payment.) Such lumps sums are not explicitly valued as such; rather such participants benefits are valued using the benefit choice assumptions described above.</p>
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### Future Plan Changes

No future plan changes were recognized in this valuation. Towers Watson is not aware of any future plan changes which are required to be reflected.



### Changes in Benefits Valued Since Prior Year

Effective January 1, 2011, Part C of the plan was amended for all nonunion and select union employees ("Designated Participants"). The amendment modified the following provisions of the plan:

- Premature retirement eligibility was updated from age 55 with 20 Years of Service to age 55 with 10 Years of Service
- The early retirement reduction factor for Designated Participants age 62 with 5 Years of Service was reduced from 0.5% per month to 0.25% per month. Designated Participants who retire at age 62 with 30 Years of service are eligible for unreduced benefits.
- Disability eligibility was updated to require 10 Years of Service rather than 15 Years of Service
- Optional forms of payment were updated to include a 5-year certain and continuous benefit and a 15-year certain and continuous benefit
- The pre-retirement survivor annuity was changed from a 50% joint and survivor annuity to a 75% joint and survivor annuity

## Appendix C : Allocation of Actual 2011 ASC 715-30 Pension Expense

	<u>2011 ASC 715-30 Pension Expense/(Income)</u>
<b>Aqua Segment</b>	
Corporate: Aqua Services, Inc.	
AQUA ACO	\$ 192,865
All other Aqua Services, Inc.	518,208
Total	<u>\$ 711,073</u>
Corporate: Water Company	
AQUA NC	\$ 14,174
AQUA NY - SEA CLIFF	19,126
AQUA NY - NYWS	62,455
All other Water Company	1,484,590
Total	<u>\$ 1,590,345</u>
Local 32BJ	\$ 1,727,752
<b>Consumers Water Company Segment</b>	
Consumers Water Co.	\$ 93,710
Consumers Information Services Group	11,875
Aqua New Jersey, Inc.	246,578
Aqua Illinois, Inc. - Kankakee/Will County (Illinois)	642,202
Aqua Illinois, Inc. - Vermilion County (IL)	223,665
Aqua Maine, Inc.	415,003
Aqua Ohio, Inc.	1,402,889
Consumers Water Co. - Dart Division	6,087
Consumers Pennsylvania – Susquehanna Division	96,105
Consumers Penn. - Roaring Creek Div.	339,302
Aqua Pennsylvania, Inc. - PA West	446,774
Consumers Water Co. - Waymart Division	265
Aqua Texas, Inc.	16,943
Aqua Utilities Florida, Inc.	34,283
Aqua Virginia, Inc.	25,492
Consumers New Hampshire Water Company	38,392
Consumers Water Co. Wana Division	8,164
Aqua Services, Inc.	117,630
<b>Subtotal</b>	<u><b>\$ 4,165,359</b></u>
<b>Total</b>	<u><b>\$ 8,194,529</b></u>

### Key Assumptions

Discount Rate	5.75%
Rate of Return on Plan Assets	7.75%
Salary Scale (Corporate/Local 32BJ/CWV)	4.50%/4.00%/4.00%
Mortality	IRS Prescribed 2011 Tables

All other economic and demographic assumptions are the same as those used in the January 1, 2011 valuation.

# **Aqua America, Inc.**

## **Postretirement Welfare Plans**

### **Actuarial Valuation Report**

**Postretirement Welfare Cost for Fiscal Year Ending  
December 31, 2011 under U.S. GAAP**

**Estimated Employer Contributions for Plan Year Beginning  
January 1, 2011**

**September 2011**

**TOWERS WATSON** 

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# Purposes of valuation

## Purposes of valuation

Aqua America, Inc. retained Towers Watson Pennsylvania Inc. ("Towers Watson"), to perform actuarial valuations of Aqua America, Inc.'s postretirement welfare programs for the purpose of determining the following:

- (1) The value of benefit obligations as of January 1, 2011 and Aqua America, Inc.'s Postretirement welfare cost for fiscal year ending December 31, 2011 in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715-60). It is anticipated that a separate report will be prepared for year-end financial reporting and disclosure purposes.
- (2) Plan reporting information in accordance with FASB Accounting Standards Codification Topic 965 (ASC 965).
- (3) The estimated maximum tax-deductible contribution for the tax year in which the 2011 plan year ends as allowed by the Internal Revenue Code. The maximum tax-deductible contribution should be finalized in consultation with Aqua America, Inc.'s tax advisor.

The following plans are reflected in this report:

- Retiree and Surviving Dependent Medical and Life Insurance Plan for SEIU Local 32BJ Employees of Aqua America, Inc. (referred to as "SEIU Local 32BJ").
- Retiree Medical Plan for Non-represented Employees of Aqua America, Inc. and Subsidiaries (referred to as "Salaried").

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# Section 1: Summary of results

## Summary of Valuation Results

All monetary amounts shown in US Dollars

### U.S. GAAP Accounting (ASC 715) as of Measurement Date January 1, 2011

	SEIU Local 32BJ	Salaried	Total
Benefit Cost/(Income)			
a Postretirement Welfare Cost/(Income) <sup>1</sup>	1,153,590	1,084,115	2,237,705
b Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	0	0
c Total Benefit Cost/(Income)	1,153,590	1,084,115	2,237,705
Fair Value of Assets (FVA)	13,659,626	7,571,948	21,231,574
Market Related Value of Assets (MRVA)	13,659,626	7,571,948	21,231,574
Accumulated Postretirement Benefit Obligation (APBO)	20,118,320	16,025,517	36,143,837
Funded Status	(6,458,694)	(8,453,569)	(14,912,263)
Accumulated Other Comprehensive (Income)/Loss (AOCI)			
a Net Prior Service Cost/(Credit)	(590,841)	(638,146)	(1,228,987)
b Net Loss/(Gain)	8,799,368	4,274,503	13,073,871
c Total AOCI	8,208,527	3,636,357	11,844,884
Discount rate	5.75%	5.75%	
Expected Rate of Return on Plan Assets	7.75%	5.17%	
Current Health Care Cost Trend Rate	9.00%	9.00%	
Ultimate Health Care Cost Trend Rate	5.00%	5.00%	
Year of Ultimate Trend Rate	2019	2019	
Census Date	January 1, 2011	January 1, 2011	

### Plan reporting (ASC 965) for Plan Year Beginning January 1, 2011

	SEIU Local 32BJ	Salaried	Total
Present value of accumulated benefits	20,118,320	16,025,517	36,143,837
Market value of assets	13,659,626	7,571,948	21,231,574
Plan reporting discount rate	5.75%	5.75%	

<sup>1</sup> Excludes effects of any settlements, curtailments, special termination benefits, capitalized cost adjustments and regulatory assets or liabilities (if applicable).

**Employer Contributions (net of Medicare subsidy) for Plan Year 2011**

	SEIU Local 32BJ	Salaried	Total
Maximum Tax Deductible contributions <sup>1</sup>	7,100,000	426,000	7,526,000
Actual contributions	N/A	N/A	N/A
Expected benefit payments and expenses, net of participant contributions	484,666	491,438	976,104

## Employer Contributions

Employer contributions are the amounts paid by Aqua America, Inc. to provide for postretirement benefits, net of participant contributions. Participants receiving benefits are required to contribute toward the cost of the plan.

Aqua America, Inc.'s funding policy is to contribute an amount equal to the postretirement welfare cost not to exceed the maximum tax-deductible limit. Aqua America, Inc. may deviate from this policy, as permitted by its terms, based on cash, tax or other considerations.

## Postretirement Welfare Cost and Funded Position

The cost of the postretirement welfare plans is determined in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP").

Under U.S. GAAP, the funded position (fair value of plan assets less the projected benefit obligation, or "APBO") of each postretirement welfare plan at the plan sponsor's fiscal year-end (measurement date) is required to be reported as a liability. The APBO is the actuarial present value of benefits attributed to service rendered prior to the measurement date, taking into consideration expected future pay increases for pay-related plans.

Fiscal year-end financial reporting information and disclosures are prepared before detailed participant data and full valuation results are available. Therefore, the postretirement benefit asset (liability) at December 31, 2011 was derived from a roll forward of the January 1, 2010 valuation results, adjusted for the year-end discount rate and asset values, as well as significant changes in plan provisions and participant population. The next fiscal year financial reporting information will be developed based on the results of the January 1, 2011 valuation, projected to the end of the year and similarly adjusted for the year-end discount rate and asset values, as well as significant changes in plan provisions and participant population.

## Basis for Valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plan being valued, including changes since the prior plan year.

<sup>1</sup> Estimated based on January 1, 2011 assets, projected to year-end using expected investment return and expected benefit disbursements.



# Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices.

## Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, claims data, contributions and assets (if any) provided by Aqua America, Inc. and other persons or organizations designated by Aqua America, Inc.. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. We have relied on all the information provided as complete and accurate. The results presented in this report are dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data and information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Aqua America, Inc., may produce materially different results that could require that a revised report be issued.

## Assumptions and Methods under the Internal Revenue Code for Contribution Limit Purposes

The actuarial assumptions and methods employed in the development of the contribution limits have been selected by the plan sponsor, with the concurrence of Towers Watson. The Internal Revenue Code requires the use of reasonable assumptions (taking into account the experience of the plan and reasonable expectations) which, in combination, offer the actuary's best estimate of anticipated experience under the plan. We believe that the assumptions used in our valuation are reasonable and appropriate for the purposes for which they have been used.

## Assumptions and Methods under ASC 715-60

The actuarial assumptions and methods employed in the development of the Postretirement welfare cost have been selected by the plan sponsor, with the concurrence of Towers Watson. ASC 715-60 requires that each significant assumption "individually represent the best estimate of a particular future event".

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with Aqua America, Inc.'s tax advisors and auditors.

## Effects of Health Care Reform

In March 2010, the Patient Protection and Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act (HCERA) were enacted. Based on information provided by Aqua, the key aspects of the Acts affecting Aqua America, Inc.'s benefit obligation and cost of providing retiree medical benefits are:

- Elimination of lifetime maximums in 2011
- Preventive care benefits covered at 100% beginning in 2011
- Mandatory coverage for adult children until age 26 beginning in 2011

A 1% increase was applied to the year-end 2010 benefit obligation for the retiree medical plans to account for the impact of these provisions of the Act on the Aqua retiree medical plans.

The PPACA also requires companies to assess the impact of the excise tax ("Cadillac tax") on high-cost plans starting in 2018 and, if material, reflect the impact in their year-end financial statements. With the concurrence of Aqua, for each plan the pre-65 and post-65 costs were aggregated and the excise cap was applied in total. Using this methodology, the present value of the excise tax for all Aqua retiree medical plans is effectively \$0.

This valuation reflects our understanding of the relevant provisions of PPACA and HCERA. The IRS has yet to issue final guidance with respect to many aspects of this law. It is possible that future guidance may conflict with our understanding of these laws based on currently available guidance and could therefore affect the results shown in this report.

## Nature of Actuarial Calculations

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Towers Watson, we consider reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Assumptions may be made, in consultation with Aqua America, Inc., about participant data or other factors. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. The numbers shown in this report are not rounded. This is for convenience only and should not imply precision; by their nature, actuarial calculations are not precise.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; increases or reductions expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this valuation to analyze the potential range of future postretirement welfare contributions, but we can do so upon request.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

### Limitations on Use

This report is provided subject to the terms set out herein and in our engagement letter dated December 20, 2010 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of Aqua America, Inc. and its auditors in connection with our actuarial valuation of the postretirement welfare plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. Aqua America, Inc. may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require Aqua America, Inc. to provide them this report, in which case Aqua America, Inc. will use best efforts to notify Towers Watson in advance of this distribution, and will include the non-reliance notice included at the end of this report. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Watson's prior written consent. In the absence of such consent and an express assumption of responsibility, we accept no responsibility whatsoever for any consequences arising from any third party relying on this report or any advice relating to its contents. There are no intended third-party beneficiaries of this report or the work underlying it.

### Professional Qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between Aqua America, Inc. and our employer, Towers Watson Pennsylvania Inc.



Kevin J. Halfpenny, FSA, EA  
Senior Consulting Actuary



Kristin Ausiello, ASA, EA  
Consulting Actuary



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Consulting Actuary

Towers Watson Pennsylvania Inc.

September 2011

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## Section 2: Actuarial exhibits

### 2.1 Balance sheet asset / (liability) as of January 1, 2011

All monetary amounts shown in US Dollars

Development of Balance sheet asset / (liability)	SEIU Local 32BJ	Salaried	Total
Accumulated postretirement benefit obligation (APBO)	20,118,320	16,025,517	36,143,837
Fair value of assets (FVA)	13,659,626	7,571,948	21,231,574
Net balance sheet asset/(liability)	(6,458,694)	(8,453,569)	(14,912,263)
Current and Noncurrent Allocation			
a Noncurrent assets	0	0	0
b Current liabilities	0	0	0
c Noncurrent liabilities	(6,458,694)	(8,453,569)	(14,912,263)
d Net balance sheet asset/(liability)	(6,458,694)	(8,453,569)	(14,912,263)
Accumulated Other Comprehensive (Income)/Loss (AOCI)			
a Net Prior Service Cost/(Credit)	(590,841)	(638,146)	(1,228,987)
b Net Loss/(Gain)	8,799,368	4,274,503	13,073,871
c Accumulated other comprehensive (income)/loss <sup>1</sup>	8,208,527	3,636,357	11,844,884

Assumptions and Census Date	SEIU Local 32BJ	Salaried
Assumptions		
a Discount rate	5.75%	5.75%
b Expected rate of return on plan assets	7.75%	5.17%
c Current health care cost trend rate	9.00%	9.00%
d Ultimate health care cost trend rate	5.00%	5.00%
e Year of ultimate trend rate	2019	2019
Census Date	January 1, 2011	January 1, 2011

<sup>1</sup> Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

## 2.2 Summary of postretirement benefit cost for Fiscal year ending December 31, 2011

All monetary amounts shown in US Dollars

Total Postretirement Benefit Cost	SEIU		Total
	Local 32BJ	Salaried	
Service cost	612,806	415,953	1,028,759
Interest cost	1,178,300	931,453	2,109,753
Expected return on assets	(1,040,191)	(378,926)	(1,419,117)
Net prior service cost/(credit) amortization	(131,693)	(136,531)	(268,224)
Net loss/(gain) amortization	534,368	252,166	786,534
Net periodic postretirement benefit cost/(income) <sup>1</sup>	1,153,590	1,084,115	2,237,705

Key Assumptions and Census Date	SEIU	
	Local 32BJ	Salaried
Assumptions <sup>2</sup>		
a Discount rate	5.75%	5.75%
b Long-Term Rate of Return on Plan Assets	7.75%	5.17%
c Current Health Care Cost Trend Rate	9.00%	9.00%
d Ultimate Health Care Cost Trend Rate	5.00%	5.00%
e Year of Ultimate Trend Rate	2019	2019
Census Date	January 1, 2011	January 1, 2011

<sup>1</sup> Excludes effects of any curtailments, settlements, special termination benefits, capitalized cost adjustments, and regulatory assets or liabilities (if applicable)

<sup>2</sup> These assumptions were used to calculate the Net Postretirement Benefit Cost/ (Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. For assumptions used for interim measurement periods, if any, refer to Appendix A.

### 2.3 Development of assets for postretirement welfare cost and employer contributions

All monetary amounts shown in US Dollars

Reconciliation of Fair Value and Market Value of Assets	SEIU		Total
	Local 32BJ	Salaried	
Plan assets at January 1, 2010	12,039,853	6,981,085	19,020,938
Investment return net of taxes	953,970	900,031	1,854,001
Employer contributions	911,170	0	911,170
Plan participants' contributions	17,770	42,713	60,483
Benefits paid	(263,137)	(351,881)	(615,018)
Administrative expenses paid	0	0	0
Transfers from / (to) other plans	0	0	0
Acquisitions	0	0	0
Divestitures	0	0	0
Settlements	0	0	0
Plan assets at January 1, 2011	13,659,626	7,571,948	21,231,574
Rate of return	8.0%	13.2%	9.9%

## 2.4 Detailed results for postretirement welfare cost and funded position

All monetary amounts shown in US Dollars

Detailed Results as of January 1, 2011	SEIU		Total
	Local 32BJ	Salaried	
<b>A Service Cost</b>			
1 Medical	601,376	415,953	1,017,329
2 Life Insurance	11,430	0	11,430
3 Total	612,806	415,953	1,028,759
<b>B Accumulated Postretirement Benefit Obligation [APBO]</b>			
1 Medical:			
a Participants currently receiving benefits	3,677,130	4,266,046	7,943,176
b Fully eligible active participants	5,210,549	4,889,269	10,099,818
c Other participants	10,444,398	6,870,202	17,314,600
d Total	19,332,077	16,025,517	35,357,594
2 Life Insurance:			
a Participants currently receiving benefits	445,320	0	445,320
b Fully eligible active participants	148,665	0	148,665
c Other participants	192,258	0	192,258
d Total	786,243	0	786,243
3 All Benefits:			
a Participants currently receiving benefits	4,122,450	4,266,046	8,388,496
b Fully eligible active participants	5,359,214	4,889,269	10,248,483
c Other participants	10,636,656	6,870,202	17,506,858
d Total	20,118,320	16,025,517	36,143,837
<b>C Assets</b>			
1 Fair value [FV]	13,659,626	7,571,948	21,231,574
2 Investment losses (gains) not yet in market-related value	0	0	0
3 Market-related value	13,659,626	7,571,948	21,231,574
<b>D Funded Position</b>			
1 Overfunded (underfunded) APBO	(6,458,694)	(8,453,569)	(14,912,263 )
2 APBO funded percentage	68%	47%	59 %



Detailed Results as of January 1, 2011	SEIU		Total
	Local 32BJ	Salaried	
<b>E Amounts in Accumulated Other Comprehensive Income</b>			
1 Prior service cost (credit)	(590,841)	(638,146)	(1,228,987)
2 Net actuarial loss (gain)	8,799,368	4,274,503	13,073,871
3 Total	8,208,527	3,636,357	11,844,884
<b>F Effect of Change in Health Care Cost Trend Rate</b>			
1 One-percentage-point increase:			
a Sum of service cost and interest cost	63,281	47,013	110,294
b APBO	1,059,439	791,479	1,850,918
2 One-percentage-point decrease:			
a Sum of service cost and interest cost	(55,138)	(40,583)	(95,721)
b APBO	(923,111)	(683,656)	(1,606,767)