

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

- TX1. Provide a copy of the latest PA corporate tax report and the latest PA corporate tax settlement.
- A. Attached are copies of the PA Corporate Tax Return and the statement of account dated 12/1/2010.

BUREAU OF CORPORATION TAXES
PO BOX 280705
HARRISBURG PA 17128-0705

Commonwealth of Pennsylvania
DEPARTMENT OF REVENUE



APR 19 2010

AQUA PENNSYLVANIA INC
762 LANCASTER AVE
BRYN MAWR PA 19010

Annual Extension....*APPROVED*****
Length of Extension.180 DAYS

PA Acct ID.....0101 728
EIN 23-2297407
Annual Due Date.....04-15-10
Date of Request.....04-15-10
Tax Year Ending.....12-09

Dear Taxpayer,

This notice acknowledges and approves your application for the extension of time to file as indicated above. If a 180 - day extension has been approved, a copy of Federal Form 7004 must be filed with your annual tax return. Failure to include the Federal Form 7004 can result in the imposition of penalties for late filing.

Please include a copy of this notice with your annual report when filed. If your tax report is prepared by a practitioner, please provide your practitioner with this notice.

Thank you for your cooperation.

Sincerely,

Bureau of Corporation Taxes
Extension Unit

Commonwealth of Pennsylvania
DEPARTMENT OF REVENUE



REV-1013 CT AFP (07-10)

Statement of Account

NOTICE #:.....00862092
 DATE OF NOTICE:....12/01/2010
 ACCOUNT ID:.....0101-728

AQUA PENNSYLVANIA INC
762 LANCASTER AVE
BRYN MAWR PA 19010

SUMMARY OF ACTIVE (FILED) TAX PERIODS

Tax Period Ending	Type of Liability	Liability Amount	Payments		Interest *	Balance
			Cash	Restricted Credit		
12/2008	CPSK - TAX	1,678,153.00	1,678,153.00	0.00	0.00	0.00
12/2008	LOAN - TAX	0.00	0.00	0.00	0.00	0.00
12/2008	CNIT - TAX	8,716,376.00	6,714,132.50	2,002,243.50	0.00	0.00
12/2007	CNIT - TAX	7,717,553.00	7,798,245.00	0.00	0.00	80,692.00-
12/2007	CNIT - PEN	0.00	0.00	0.00	0.00	0.00
12/2006	CPSK - TAX	2,523,306.00	2,424,306.00	99,000.00	0.00	0.00
12/2006	CPSK - INT	871.00	873.00	0.00	0.00	2.00-
12/2006	CNIT - TAX	6,364,698.00	6,461,162.00	0.00	0.00	96,464.00-
12/2006	CNIT - PEN	0.00	0.00	0.00	0.00	0.00
12/2005	CNIT - TAX	6,672,478.00	6,770,613.00	0.00	0.00	98,135.00-
12/2005	CNIT - PEN	0.00	0.00	0.00	0.00	0.00
Active (Filed) Period Balance		33,673,435.00	31,847,484.50	2,101,243.50	0.00	275,293.00-

SUMMARY OF NON-FILED TAX PERIODS (INCLUDES ESTIMATED TAX AND ESTIMATED PAYMENTS)

12/2010	CPSK - TAX	0.00	1,011,864.00	5,000,000.00	0.00	6,011,864.00-
12/2010	CNIT - TAX	0.00	6,537,282.00	0.00	0.00	6,537,282.00-
12/2009	CPSK - TAX	0.00	798,131.50	3,885,834.00	0.00	4,683,965.50-
12/2009	FRAN - TAX	0.00	0.00	0.00	0.00	0.00
12/2009	CNIT - TAX	0.00	5,148,244.00	0.00	0.00	5,148,244.00-
12/2007	FRAN - TAX	0.00	0.00	0.00	0.00	0.00

*Includes interest as of 12/11/2010

Please include a copy of this statement with your remittance.

QUESTIONS REGARDING:

ACCOUNT COMPOSITION (PAYMENT, INTEREST AND PENALTY): (717) 705-6225

DETERMINATION OF TAX: (717) 783-6031

SEE REVERSE SIDE FOR MORE INFORMATION

1010009117



RCT-101 PAGE 1 OF 6 PA CORPORATE TAX REPORT 2009

DEPARTMENT USE ONLY

A = 1120 B = 1120S C = 1120C D = 1120F E = 1120H F = 1065 G = 1040 H = Other

STEP A

Tax Year Beginning XX 01012009
Tax Year Ending XX 12312009

STEP B

Regulated Inv. Co. XX N
52-53 Week Filer XX N
Address Change XX N
Change Fed Group XX N

First Report XX N
KOZ/EIP/SDA Credit XX N
File Period Change XX N

STEP C

Corp Tax Account ID XX 0101728
Federal EIN XX 232297407
Business Activity Code XX 221300
Corporation Name XX AQUA PENNSYLVANIA INC
Address Line 1 XX 762 LANCASTER AVE
Address Line 2 XX
City XX BRYN MAWR
State XX PA
ZIP XX 19010-348

STEP D

A. Tax Liability
from Tax Report

B. Estimated
Payments &
Credits on Deposit

C. Restricted
Credits

Calculation:
A minus B minus C

STEP E: Payment
Make check for this amount
payable to "PA Dept of Revenue"

	A. Tax Liability from Tax Report	B. Estimated Payments & Credits on Deposit	C. Restricted Credits	Calculation: A minus B minus C	STEP E: Payment
CS/FF	1839920	1381683	0	458237	0
LOANS	0	0	0	0	0
CNI	8551449	9032457	0	-481008	0
TOTAL	10391369	10414140	0	-22771	0

Made Payment Via EFT N

STEP F: Refund/Transfer Method

Choose one of the following options:

A = Total transfer of credit B = Total refund of credit

STEP G: Corporate Officer

(Sign affirmation below)

NAME
PHONE
E-MAIL

FORM 1120
BARCODE 1120

I affirm under penalties prescribed by law this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.	
Corporate Officer Signature/Date <i>Robert A. Puh...</i>	10/13/10



**RCT-101 PAGE 1 OF 6
PA CORPORATE TAX REPORT 2010**

DEPARTMENT USE ONLY

A A=1120 B=1120S C=1120C D=1120F E=1120H F=1065 G=1040 H=Other

STEP A

Tax Year Beginning XX 01012010
Tax Year Ending XX 12312010

STEP B

Regulated Inv. Co. XX N First Report XX N
52-53 Week Filer XX N KOZ/EIP/SDA Credit XX N
Address Change XX N File Period Change XX N
Change Fed Group XX N

STEP C

Corp Tax Account ID XX 0101728
Federal EIN XX 232297407
Business Activity Code XX 221300
Corporation Name XX AQUA PENNSYLVANIA INC
Address Line 1 XX 762 LANCASTER AVE
Address Line 2 XX
City XX BRYN MAWR
State XX PA
ZIP XX 19010-348

USE WHOLE DOLLARS ONLY

STEP D

**A. Tax Liability
from Tax Report**

**B. Estimated
Payments &
Credits on Deposit**

**C. Restricted
Credits**

**Calculation:
A minus B minus C**

STEP E: Payment
Make check for this amount
payable to "PA Dept of Revenue"

	A. Tax Liability from Tax Report	B. Estimated Payments & Credits on Deposit	C. Restricted Credits	Calculation: A minus B minus C	STEP E: Payment
CS/FF	2039045	2031706	0	7339	0
LOANS	0	0	0	0	0
CNI	8572750	10732347	0	-2159597	0
TOTAL	10611795	12764053	0	-2152258	0

Made payment electronically N

STEP F: Transfer/Refund Method

Choose one of the following options:

B A = Transfer available credit B = Refund available credit

STEP G: Corporate Officer

(Sign affirmation below)

NAME ROBERT RUBIN
PHONE 6106451135
E-MAIL RARUBIN@AQUAAMERICA.COM

FORM 1120
BARCODE 0000

I affirm under penalties prescribed by law this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete report.

Corporate Officer Signature/Date

ACCOUNT ID 0101728
 TAX YEAR END 12312010 NAME AQUA PENNSYLVANIA INC
RCT-101 PAGE 2 OF 6 PA CORPORATE TAX REPORT 2010

SECTION A: CS/FF

OLDEST PERIOD FIRST	TAX PERIOD BEGINNING	TAX PERIOD ENDING	BOOK INCOME			
YEAR 1	01012006	12312006	61730161	Investment in LLC	XX	N
YEAR 2	01012007	12312007	69586270	Holding Company	XX	N
YEAR 3	01012008	12312008	77159528	Family Farm	XX	N
YEAR 4	01012009	12312009	79721487			
YEAR 5						
YEAR 6						
YEAR 7						
CUR YR	01012010	12312010	90048938			

USE WHOLE DOLLARS ONLY

2. TOTAL BOOK INCOME (sum of income for all tax periods up to, but not over 5 years total)	2	378246384
3. DIVISOR (in years and in part years rounded to three decimal places) See instructions.	3	5.000
4. Divide Line 2 by Line 3.	4	75649277
5. AVERAGE BOOK INCOME - Enter Line 4, or if Line 4 is less than zero enter "0".	5	75649277
6. Divide Line 5 by 0.095.	6	796308179
7. Shareholders' equity at the END of the current period	7	824123000
8. Shareholders' equity at the BEGINNING of the current period	8	721233000
9. If Line 7 is more than twice as great or less than half as much as Line 8, add Lines 7 and 8 and divide by 2. Otherwise enter Line 7.	9	824123000
10. NET WORTH - Enter Line 9, or if Line 9 is less than zero enter "0".	10	824123000
11. Multiply Line 10 by 0.75.	11	618092250
12. Add Lines 6 and 11.	12	1414400429
13. Divide Line 12 by 2.	13	707200215
14. \$160,000 valuation deduction	14	-160000
15. CAPITAL STOCK VALUE - Line 13 less Line 14, but not less than "0". If 100% taxable, enter Line 15 on Line 17.	15	707040215
16. Proportion of taxable assets or apportionment proportion (from Schedule A-1, Line 5)	16	0.997895
17. TAXABLE VALUE - Multiply Line 15 by Line 16. If less than zero, enter "0".	17	705551895
18. CAPITAL STOCK/FOREIGN FRANCHISE TAX - Multiply Line 17 by 0.00289.	18	2039045

Total Beginning of
Taxable Year Assets 2086370595

Total End of Taxable
Year Assets 2316512137

ACCOUNT ID 0101728
 TAX YEAR END 12312010 NAME AQUA PENNSYLVANIA INC
RCT-101 PAGE 3 OF 6 PA CORPORATE TAX REPORT 2010

SECTION B: Bonus Depreciation

1. Current year fed. deprec. of 168k prop.	1	103519172
2. Current year adj. for disp. of 168k prop.	2	0
3. Other adjustments	3	-51794

(Attach schedule C-3 if claiming bonus depreciation.)

Business Trust	XX	N
Solicitation Only	XX	N
Single-Member LLC	XX	N
Multi-Member LLC	XX	N
PA-S Corporation	XX	N
Taxable Built-in Gains	XX	N

USE WHOLE DOLLARS ONLY

SECTION C: CORPORATE NET INCOME TAX

1. Income or loss from federal return on a separate company basis	1	-5901466
2. DEDUCTIONS:		
A. Corporate dividends received (from Schedule C-2, Line 6)	2A	0
B. Interest on U.S. securities (GROSS INT less EXPENSES)	2B	0
C. Curr yr. addtl. PA deprec. plus adjust. for sale (attached Schedule C-3)	2C	6533726
D. Other (attached schedule) See instructions.	2D	699931
TOTAL DEDUCTIONS - Sum of A through D	2	7233657
3. ADDITIONS:		
A. Taxes imposed on or measured by net income (attached schedule)	See Stmt 1	3A 10553775
B. Tax preference items (attached copy of Federal Form 4626)		3B 0
C. Employment incentive payment credit adjustment (attached Schedule W)		3C 0
D. Current year bonus depreciation (attached Schedule C-3)		3D 88394665
E. Other (attached schedule) See instructions.		3E 0
TOTAL ADDITIONS - Sum of A through E	3	98948440
4. Income or loss with Pennsylvania adjustments (Line 1 - Line 2 + Line 3)	4	85813317
5. Total nonbusiness income or loss	5	0
6. Income or loss to be apportioned (Line 4 - Line 5)	6	85813317
7. Apportionment proportion (from Schedule C-1 Line 5)	7	1.000000
8. Income or loss apportioned to PA (Line 6 x Line 7)	8	85813317
9. Nonbusiness income or loss allocated to PA	9	0
10. Taxable income or loss after apportionment (Line 8 + Line 9)	10	85813317
11. Total net operating loss deduction (from RCT-103)	11	0
12. PA taxable income or loss (Line 10 - Line 11)	12	85813317
13. Corporate net income tax (Line 12 x 0.0999)	13	8572750

ACCOUNT ID 0101728
 TAX YEAR END 12312010
RCT-101 PAGE 4 OF 6

NAME AQUA PENNSYLVANIA INC
PA CORPORATE TAX REPORT 2010

SECTION D: LOANS TAX

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|
| 1. Foreign Corporations Only. Did this corporation have a fiscal officer resident in Pennsylvania? | XX | N |
| 2. Did this corporation have indebtedness outstanding to individual residents and/or partnerships resident in Pennsylvania? | XX | N |
| 3. Did this corporation have indebtedness outstanding held by a trustee, agent or guardian for a resident individual taxable in its own right or by an executor or administrator of an estate wherein the decedent was a resident of Pennsylvania? | XX | N |

List outstanding indebtedness. Attach separate schedule if additional space is required.

Interest Amount	Interest Rate	Taxable Value	Taxable		
0	00.000	0	Indebtedness	XX	0
0	00.000	0			
0	00.000	0	Loans Tax	XX	0

SCHEDULE A-1: Apportionment Schedule For Capital Stock/Foreign Franchise Tax (Include Form RCT-102, RCT-105 or RCT-106.)

Three Factor				Single Factor			
Property-PA	1A	0	1C	0.000000	Numerator	4A	2196806506
Property-Total	1B	0			Denominator	4B	2201441366
Payroll-PA	2A	0	2C	0.000000			
Payroll-Total	2B	0					
Sales-PA	3A	0	3C	0.000000	Apportionment	5	0.997895
Sales-Total	3B	0			Proportion		

SCHEDULE C-1: Apportionment Schedule For Corporate Net Income Tax (Include Form RCT-106.)

Three Factor				Single Factor			
Property-PA	1A	0	1C	00.000000	Numerator	4A	0
Property-Total	1B	0			Denominator	4B	0
Payroll-PA	2A	0	2C	00.000000			
Payroll-Total	2B	0					
Sales-PA	3A	0	3C	00.000000	Apportionment	5	1.000000
Sales-Total	3B	0			Proportion		

ACCOUNT ID 0101728
TAX YEAR END 12312010 NAME AQUA PENNSYLVANIA INC
RCT-101 PAGE 5 OF 6 PA CORPORATE TAX REPORT 2010

SECTION E: CORPORATE STATUS CHANGES

Out of Existence XX N Out of Existence/
(Final Report) Withdrawal Date XX
Date of Distribution of XX
PA Assets* OR No Assets XX
to Distribute

PA Corporations: Report date business activity ceased and date assets were distributed.
Foreign (Non-PA) Corporations: Report date business activity in PA ceased and date PA assets were distributed.
*Schedule of Disposition of Assets MUST be completed and filed with the PA Corporate Tax Report.

Has the corporation sold or transferred in bulk 51 percent or more of any of the following classes of assets? XX N
Any stock of goods, wares, merchandise of any kind, fixtures, machinery, equipment, buildings or real estate. f so,
please provide the name and address of the purchaser. (Attach separate schedule if additional space is required.)

Purchaser Name XX
Address Line 1 XX
Address Line 2 XX
City XX
State XX
ZIP XX

SECTION F: GENERAL INFORMATION QUESTIONNAIRE

Describe corporate activity in PA WATER UTILITY
Describe corporate activity outside PA
Other states in which taxpayer has activity

State of Incorporation XX PA Incorporation Date XX 05071994

- 1. Does any corporation, individual or other business entity hold all or a majority of the stock of this corporation? XX Y
 - 2. Does this corporation own all or a majority of stock in other corporations? If yes, complete Schedule X. XX Y
 - 3. Is this taxpayer a partnership that elects to file federal taxes as a corporation? XX N
 - 4. Has the federal government changed taxable income as originally reported for any prior period for which reports of change have not been filed in PA? XX N
- If yes: First Period End Date: XX Last Period End Date: XX

Accounting Method - Federal Tax Return

A A = Accrual C = Cash O = Other

Other

Accounting Method - Financial Statements

A A = Accrual C = Cash O = Other

Other

ACCOUNT ID 0101728
TAX YEAR END 12312010 NAME AQUA PENNSYLVANIA INC

RCT-101 PAGE 6 OF 6 PA CORPORATE TAX REPORT 2010

SCHEDULE OF REAL PROPERTY IN PA (Attach separate schedule if additional space is required.)

O = Own
R = Rent

Street Address

City

County

KOZ/KOEZ

XX
XX
XX
XX

CORPORATE OFFICERS

(See Instructions)

SSN

Last Name

First Name

MI

	SSN	Last Name	First Name	MI
President/Managing Partner	XX	KYRISS	KARL	M
Vice President	XX	SMELTZER	DAVID	P
Secretary	XX	STAHL	ROY	H
Treasurer/Tax Manager	XX	MOY-KELLY	DIANA	

TAX PREPARER'S NAME AND ADDRESS

Mail to Preparer	XX	N
Federal EIN or SSN	XX	
Firm Name	XX	
Address Line 1	XX	
Address Line 2	XX	
City	XX	
State	XX	
ZIP	XX	

I affirm under penalties prescribed by law, this report (including any accompanying schedules and statements) has been prepared by me and to the best of my knowledge and belief is a true, correct and complete report.

Tax Preparer's Signature/Date

NAME
PHONE
E-MAIL
FEDERAL
PTIN

RCT-103 (08-10) NET OPERATING LOSS SCHEDULE (File with Form RCT-101.)

Tax Year Ending **12312010** Corp Tax Account ID **0101728**
 Corporation Name **AQUA PENNSYLVANIA INC**

Part A Tax Periods Beginning on or after Jan. 1, 2010.

1. Taxable income from RCT-101, Section C, Line 10 85813317
 2. Total net operating loss carryforward to current period (Total, Column 3 below) 0
 3. Line 1 multiplied by 20 percent (0.20) 17162663
 If line 3 is 3,000,000 or less, enter the lesser of Line 1 or Line 2 on Line 4, not to exceed 3,000,000. If Line 3 exceeds 3,000,000, enter the lesser of Line 2 or Line 3 on Line 4.
 4. Net operating loss deduction allowed for current tax period 0

Part B	(1) Tax Period Beginning	(2) Tax Period Ending	(3) Net Loss Carryforward to Current Period	(4) Amount Deducted (Current Period)	(5) Net Loss Carryforward to Next Period
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16	01012002	12312002	0	0	0
17	01012003	12312003	0	0	0
18	01012004	12312004	0	0	0
19	01012005	12312005	0	0	0
20	01012006	12312006	0	0	0
		TOTAL	0	0	

SCHEDULE C-2 PA DIVIDEND DEDUCTION SCHEDULE

M M D D Y Y

CORPORATION NAME Aqua Pennsylvania I CORP TAX ACCOUNT ID 0101728 TAX YEAR ENDING 12 31 10

1	Federal Schedule C, Line (20), Total deductions	1	
2	Federal Schedule C, Line (15), Foreign Dividend Gross-Up (Section 78)	2	
3	Dividends from less-than-20%-owned foreign corporations listed on Lines (13) and (14) of federal Schedule C x 70% - 0.70	3	
4	Dividends from 20%-or-more-owned foreign corporations listed on Lines (13) and (14) of federal Schedule C x 80% - 0.80	4	
5	Dividends listed on Lines (13) and (14) of federal Schedule C from foreign corporations that meet the "80% voting and value test" of IRC § 1504 (a) (2) and otherwise would qualify for 100% deduction under IRC § 243 (a) (3) if they were a domestic corporation. Do not list any amounts included in tem 4.	5	
6	Total PA Dividend Deduction - Add Lines 1, 2, 3, 4 and 5 Enter above at Section C, Line (2a) on RCT-101.	6	

SCHEDULE X

Taxpayers completing this schedule must provide beginning and ending balance sheets, reflecting the consolidated net worth of the taxpayer and all subsidiaries.

M M D D Y Y

CORPORATION NAME Aqua Pennsylvania I CORP TAX ACCOUNT ID 0101728 TAX YEAR ENDING 123110

Name	File in PA	Corp Tax Account ID	EIN
LITTLE WASHINGTON WA		9454131	23-1999647
HAWLEY WATER COMPANY		0428084	24-0606543
HONESDALE CONSOLIDAT		0718074	24-0614360

Name, SSN, EIN and/or Corp Tax Account ID Number of any individual or business entity owning all or a majority of the stock of the taxpayer.

Name	SSN or EIN	Corp Tax Account ID
AQUA AMERICA INC	23-1702594	9047445

CORPORATION NAME AQUA PENNSYLVANIA CORP TAX ACCOUNT ID 0101728 TAX YEAR ENDING 12 31 10

**SCHEDULE A-3
ADJUSTMENTS TO NET INCOME PER BOOKS**

(See CT-1 booklet at www.revenue.state.pa.us for requirements to complete this schedule)

PART A

Table with 3 columns: Description, Amount, and Reductions. Line 1: Net Income per Books from federal Schedule M-1 or federal Schedule M-3. 90048938. Line 7: Total Lines 1 to 6. 90048938. Line 13: Revised Net Income per Books (Line 7 minus Line 12). 90048938.

* Any taxpayer making these adjustments must provide a copy of federal Schedule K-1, if the investee LLC files federal Form 1065, or a reconciliation of beginning and ending net worth of the investee LLC, if the investee LLC is a disregarded entity.

** This reduction may only be taken by Limited Liability Companies and Business Trusts not taxed as corporations for federal income tax purposes. Taxpayers claiming this reduction must complete Part B below.

PART B

Table for Part B with 3 columns: Member Information, Distribution, and Reductions. Includes fields for Name of Member, SSN or EIN of Member, and How does member qualify as materially participating under RC Section 469? for three members.

CORPORATION NAME	AQUA PENNSYLVANIA I	CORP TAX ACCOUNT ID	0101728	TAX YEAR ENDING	MM DD YY
					12 31 10

C-5 Schedule of Taxes

1. PA Corporate Net Income Tax	10553775	
2. Philadelphia Business Privilege Tax - Net Income Portion		
3. Income Taxes - Other States		
4. Local Income Taxes		
5. Other Income Taxes		
6. Total Income Taxes (Total of Lines 1 to 5)		10553775
7. PA Capital Stock/Foreign Franchise Tax	2038717	
8. Philadelphia Business Privilege Tax - Gross Rec Portion		
9. Payroll Taxes	2201186	
10. Real Estate Taxes	4301633	
11. Sales and Use Tax	15139	
12. Business Privilege Tax - Other than Income		
13. Occupancy Tax		
14. Local Taxes - Not Based on Income		
15. Other Taxes - Not Based on Income	1925423	
16. Total Taxes Not Imposed on or Measured by Income (Total Lines 7 to 15)		10482098
17. Total Tax Expense Reported on Federal Income Tax Return (Total Lines 6 and 16)		21035873

Schedule OA - Other Additions

Description	Amount
Total	0

Schedule OD - Other Deductions

Description	Amount
Federal Wages Disallowed as a Result of Tax Credits Under IRC Sec 45B or IRC Sec 51	
Total	0

1060010101

12/31/10

Aqua Pennsylvania Inc

0101728

TAX YEAR ENDED (MM/DD/YY)

CORPORATION NAME

CORP TAX ACCOUNT ID

Schedules 1 and 2 of this Insert Sheet must be completed by Pennsylvania corporations claiming the exemption for tangible and intangible assets for capital stock tax purposes and foreign corporations electing to use the single-factor, exempt-asset fraction for foreign franchise tax purposes.

Tables 1, 2 and 3 of this Insert Sheet must be completed by all corporations apportioning taxable income and by foreign and Pennsylvania corporations using the three 3-factor formula to calculate the taxable value of capital stock.

A. AVERAGE TOTAL ASSETS (Carry to RCT-101, Schedule A-1, Line (4b))	\$	2201441366
B. Less: AVERAGE EXEMPT ASSETS -		
Tangibles (From Schedule 1, below)	\$	
Intangibles (From Schedule 2, below)	\$	4634860
Pollution Control Devices	\$	4634860
(See Instructions)		
C. AVERAGE ASSETS TAXABLE IN PA (Carry to RCT-101, Schedule A-1, Line (4a))	\$	2196806506
<hr/>		
D. PROPORTION OF TAXABLE ASSETS (calculate to six decimal places.)	$\frac{\text{AVERAGE TAXABLE ASSETS}}{\text{AVERAGE TOTAL ASSETS}}$	0.997895
		(Carry to RCT-101, Schedule A-1, Line (5))

EXEMPTION CLAIMED FOR TANGIBLE AND INTANGIBLE ASSETS(OMIT CENTS)

SCHEDULE 1 EXEMPT TANGIBLE ASSETS (Attach additional schedule if necessary.)	Net Book Value - Beginning		Net Book Value - Ending		E Amount of Exemption Claimed for Average Value of Tangible Assets Located Outside of PA (Col. B + D) ÷ 2
	A Inside PA	B Outside PA	C Inside PA	D Outside PA	
1. Buildings					
2. Equipment and Fixtures					
3. Land					
4. Leasehold Improvements					
5. Motor Vehicles					
6. Rolling Stock and all other Movable Property					
7. Other Tangible Property (Attach Schedule)					
8. Inventories					
TOTALS					

NOTE: If there was a substantial change during the year, attach a detailed explanation.

SCHEDULE 2 EXEMPT INTANGIBLE ASSETS (Attach additional schedule if necessary.)	A Number of Shares or %	B Date Acquired	C Date Sold	D Held (Full Year or No. of Days)	E Book Value	F Exemption Claimed
1. Stocks of PA Corporations See Stmt 2						
2. Stocks of Foreign Corporations (More than 50 percent owned) See Stmt 3						
3. Student Loan Assets						
4. U.S. Securities						
5. Exempt State and Local Securities						
6. National Bank Shares					4634860	4634860
7. TOTALS (For Exemption Purposes)						

1060010201

**TABLES SUPPORTING DETERMINATION OF
APPORTIONMENT PERCENTAGE (OMIT CENTS.)**

TAX PERIODS BEGINNING ON OR AFTER JAN. 1, 2010

Apportionment for:

Capital Stock/Foreign Franchise and Corporate Net Income Taxes Capital Stock/Foreign Franchise Tax Only Corporate Net Income Tax Only
 12/31/10 Aqua Pennsylvania Inc 0101728

TAX YEAR ENDED (MM/DD/YY)

CORPORATION NAME

CORP TAX ACCOUNT ID

TABLE 1 - PROPERTY FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Tangible Property Owned (original cost value)				
	Inventory				
	Buildings and Depreciable Assets				
	Land				
	Other Real and Tangible Personal Property				
	Partner's Share of Property Owned by Partnerships				
	Less Construction in Progress (if included above)	()	()	()	()
	Totals				
	Total Beginning and End of Period				
	Average Value (1/2 of Above)				
	Add: Corporate Tangible and/or Real Property Rented*				
	Partnership Tangible and/or Real Property Rented*				
	Total Average Value	(A)		(B)	

* Eight times net annual rental rate (Attach schedule.)
 (C) Prop factor (Divide A by B; calculate to six decimal places.)
 (D) 5 times property factor (Divide A by B; calculate to six decimal places and multiply by 5.)

Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 1A, 1B and 1C.
 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 1A, 1B and 1C.

TABLE 2 - PAYROLL FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Wages, salaries, commissions and other compensation to employees in:				
	Cost of goods sold				
	Compensation of officers				
	Salesmen's salaries and commissions				
	Other payroll				
	Partner's Share of Payroll from Partnerships				
	Total Payroll	(A)		(B)	

(C) Payroll factor (Divide A by B; calculate to six decimal places.)
 (D) 5 times payroll factor (Divide A by B; calculate to six decimal places and multiply by 5.)

Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 2A, 2B and 2C.
 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 2A, 2B and 2C.

TABLE 3 - SALES FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Sales (net of returns and allowances)				
	Interest, Rents, Royalties				
	Gross Receipts from the sale of other business assets (except securities), unless you are a securities dealer				
	Other Sales (receipts only)				
	Partner's Share of Sales from Partnerships				
	Total Sales	(A)		(B)	

(C) Sales factor (Divide A by B; calculate to six decimal places.)
 (D) 90 times sales factor (Divide A by B; calculate to six decimal places and multiply by 90.)

Carry (A), (B) and (C) over to RCT-101, Schedule A-1, Lines 3A, 3B and 3C.
 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 3A, 3B and 3C.

Special Apportionment to be completed only by railroad, truck, bus and airline companies; pipeline or natural gas companies; and water transportation companies. Refer to instructions.

(A) NUMERATOR (A) _____ = • _____ (C)

(B) DENOMINATOR (B) _____

Carry (A), (B) and (C) over to RCT-101, Schedules C-1 and/or A-1, as applicable, Lines 4A, 4B and 5.

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**TABLES SUPPORTING DETERMINATION OF
APPORTIONMENT PERCENTAGE (OMIT CENTS.)**

TAX PERIODS BEGINNING ON OR AFTER JAN. 1, 2010

Apportionment for:

Capital Stock/Foreign Franchise and Corporate Net Income Taxes Capital Stock/Foreign Franchise Tax Only Corporate Net Income Tax Only
 12/31/10 Aqua Pennsylvania Inc 0101728
 TAX YEAR ENDED (MM/DD/YY) CORPORATION NAME CORP TAX ACCOUNT ID

TABLE 1 - PROPERTY FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Tangible Property Owned (original cost value)				
	Inventory				
	Buildings and Depreciable Assets				
	Land				
	Other Real and Tangible Personal Property				
	Partner's Share of Property Owned by Partnerships				
	Less Construction in Progress (if included above)	()	()	()	()
	Totals				
	Total Beginning and End of Period				
	Average Value (1/2 of Above)				
	Add: Corporate Tangible and/or Real Property Rented*				
	Partnership Tangible and/or Real Property Rented*				
	Total Average Value	(A)		(B)	

* Eight times net annual rental rate (Attach schedule.)
 (C) Prop factor (Divide A by B; calculate to six decimal places.) — ● _____
 (D) 5 times property factor (Divide A by B; calculate to six decimal places and multiply by 5.) — ● _____
 Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 1A, 1B and 1C.
 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 1A, 1B and 1C.

TABLE 2 - PAYROLL FACTOR	Description	Inside PA	Inside and Outside PA
		(A)	(B)
	Wages, salaries, commissions and other compensation to employees in:		
	Cost of goods sold		
	Compensation of officers		
	Salesmen's salaries and commissions		
	Other payroll		
	Partner's Share of Payroll from Partnerships		
	Total Payroll	(A)	(B)

(C) Payroll factor (Divide A by B; calculate to six decimal places.) — ● _____
 (D) 5 times payroll factor (Divide A by B; calculate to six decimal places and multiply by 5.) — ● _____
 Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 2A, 2B and 2C.
 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 2A, 2B and 2C.

TABLE 3 - SALES FACTOR	Description	Inside PA	Inside and Outside PA
		(A)	(B)
	Sales (net of returns and allowances)		
	Interest, Rents, Royalties		
	Gross Receipts from the sale of other business assets (except securities), unless you are a securities dealer		
	Other Sales (receipts only)		
	Partner's Share of Sales from Partnerships		
	Total Sales	(A)	(B)

(C) Sales factor (Divide A by B; calculate to six decimal places.) — ● _____
 (D) 90 times sales factor (Divide A by B; calculate to six decimal places and multiply by 90.) — ● _____
 Carry (A), (B) and (C) over to RCT-101, Schedule A-1, Lines 3A, 3B and 3C.
 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 3A, 3B and 3C.

Special Apportionment to be completed only by railroad, truck, bus and airline companies; pipeline or natural gas companies; and water transportation companies. Refer to instructions.

(A) NUMERATOR (A) _____ = ● _____ (C)
 (B) DENOMINATOR (B) _____

Carry (A), (B) and (C) over to RCT-101, Schedules C-1 and/or A-1, as applicable, Lines 4A, 4B and 5.

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AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX2. Submit details of calculations for Taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

A. None.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX3. Submit a schedule showing for the last three years the income tax refunds, plus interest (net of taxes), received from the federal government due to prior years' claims.

A. None.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

- TX4. Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property that increases productive capacity, and ADR rates on property (Separate between state and federal; also, rate used). If based on the historic test year, justify.
- a. State whether tax depreciation is based on all rate base items claimed as of the end of the future test year, and whether it is the annual tax depreciation at the end of the future test year.
 - b. Reconcile any different between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

A. See Attached schedule

AQUA PENNSYLVANIA, INC

	2011 TAX DEPRECIATION	2011 NORMALIZED DEPRECIATION	DIFFERENCE	DEFERRED FEDERAL TAX 35%
TO 1969	1,500,000	2,036,250	n/a	
1970	2,326	64,668	(62,342)	
ADR	599,414	1,549,192	(949,778)	
ACRS-MACRS	179,361,625	60,593,271	118,768,354	
	<u>181,463,365</u>	<u>64,243,381</u>	<u>117,756,234</u>	<u>41,214,682</u>

LESS: FTY PORTION OF UNIFORM CAPITALIZATION BASIS DIFF	200,000
LESS: FLOWBACK OF 46%-35% DEFERRED FEDERAL TAX	<u>(57,648)</u>
	<u>41,357,034</u>

a. Yes

b. Accumulated Deferred Taxes (Ex. 30-A, P.67)	287,085,151
Non Rate Related Adjustments	
SFAS adjustment	94,694,945
Capitalized Main Breaks	19,905,832
Deferred ITC	4,671,000
Accumulated Deferred Pa Tax	(570,018)
New Hampshire Deferral	4,750,649
Main Cleaning & Tank Painting	59,458,481
Other Miscellaneous Differences	(1,251,987)
Meritage costs	1,619,762
Disposal Loss	<u>5,962,136</u>
Accumulated Deferred Taxes	<u>476,325,951</u>

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX5. Submit a schedule showing a breakdown of accumulated investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), together with details of methods used to write-off the unamortized balances.

A. See attached schedule.

		ITC Permanent		
DESCRIPTION		BALANCE	AMORT	BALANCE
		June 30, 2010	July.-June 2011	06/30/11
4% CREDIT -	1971	626.88	626.88	0.00
	1972	0.00	0.00	0.00
	1973	33,765.18	3,194.52	30,570.66
	1974	36,756.62	3,178.82	33,577.80
	1975	36,772.36	1,910.54	34,861.82
CAC	1975	4,529.78	96.84	4,432.94
	1976	15,298.27	4,306.54	10,991.73
CAC	1976	4,519.60	87.00	4,432.60
	1977	12,984.00	1,317.30	11,666.70
	1978	12,823.91	1,191.82	11,632.09
	1979	21,312.10	2,158.98	19,153.12
	1980	18,552.94	1,298.44	17,254.50
	1981	17,123.80	1,147.78	15,976.02
	1982	5,842.30	152.90	5,689.40
	1983	5,621.13	141.18	5,479.95
	1984	6,528.91	303.40	6,225.51
	1985	80,927.96	3,204.48	77,723.48
	1986	73,778.93	2,855.08	70,923.85
	1987	3,832.53	61.82	3,770.71
	1988	2,583.65	39.44	2,544.21
	1989	1,857.70	29.26	1,828.44
	1990	1,217.17	18.88	1,198.29
TOTAL 4% CREDIT		397,255.72	27,321.90	369,933.82
10% CREDIT-	1975	64,616.37	4,366.38	60,249.99
See Recon. Sch.	1976	155,900.30	6,284.00	149,616.30
See Recon. Sch.	1977	53,398.89	3,471.90	49,926.99
See Recon. Sch.	1978	72,401.83	4,853.18	67,548.65
See Recon. Sch.	1979	216,536.42	5,084.00	211,452.42
See Recon. Sch.	1980	212,684.55	6,508.00	206,176.55
See Recon. Sch.	1981	163,949.13	6,737.52	157,211.61
See Recon. Sch.	1982	246,174.30	9,626.00	236,548.30
See Recon. Sch.	1983	251,290.37	10,444.00	240,846.37
See Recon. Sch.	1984	214,200.72	9,792.00	204,408.72
See Recon. Sch.	1985	290,866.83	15,459.62	275,407.21
See Recon. Sch.	1986	142,300.21	5,781.62	136,518.59
CAC	1987	75,694.70	945.94	74,748.76
CAC	1988	68,433.67	1,054.76	67,378.91
CAC	1989	85,108.12	1,342.56	83,765.56
CAC	1990	92,965.32	1,441.34	91,523.98
CAC	1991	85,384.30	1,295.52	84,088.78
CAC	1992	83,947.98	1,284.94	82,663.04
CAC	1993	74,156.49	1,098.68	73,057.81
CAC	1994	61,059.58	899.20	60,160.38
Amend. Ret 88-91		1,853.70	25.94	1,827.76
CAC	1995	45,155.21	631.54	44,523.67
CAC	1996	44,839.44	475.34	44,364.10
CAC	1997	23,488.60	328.52	23,160.08
CAC	1998	20,324.43	280.34	20,044.09
CAC	1999	13,523.21	183.98	13,339.23
CAC	2000	0.00	0.00	0.00
TOTAL 10% CREDIT		2,860,254.67	99,696.82	2,760,557.85
TOTAL ITC		3,257,510.39	127,018.72	3,130,491.67
Solar plant 2009				1,669,200.00
Total				4,799,691.67

*Amortization of Investment Tax credit is straight line.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

- TX6. Submit a schedule showing the adjustments for taxable net income per books (including below-the-line items) and pro-forma under existing rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for rate-making purposes.
- A. Refer to the attached workpaper and page 66 of Exhibit 1-A. The differences between book and pro-forma tax adjustments are timing differences and deductible refunds of advances to builders.

Aqua Pennsylvania, Inc.

6/30/2011
TAX-BOOK
ADJUSTMENTS

PRE TAX INCOME (FOR THE HISTORIC TEST YEAR ENDING 06/30/11)	170,832,274
CUSTOMER ADVANCES AND CIAC	1,153,179
INTEREST ON TAX DEPOSITS	(79,470)
DEPLETION AT QUARRIES	(12,162)
MAIN CLEANING	(9,054,354)
TANK PAINTING	(3,200,574)
MAIN BREAKS	(4,840,154)
DEPRECIATION	(140,686,056)
AMORTIZATION OF UTILITY PLANT ACQUISITION ADJUSTMENT	(374,296)
UNICAP	(1,764,574)
COST OF REMOVAL	(1,434,514)
OTHER MISCELLANEOUS ITEMS	947,113
TOTAL ADJUSTMENTS (PERM AND TIMING)	(159,345,862)
TAXABLE INCOME-STATE	11,486,413
BONUS DEPRECIATION ADJ.	16,228,210
TAXABLE INCOME STATE	27,714,622
STATE TAXES	2,768,691
TAXABLE INCOME FEDERAL	8,717,722

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX7. Submit detailed calculations supporting historic and future taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

A. None.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX8. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits and reserves by accounting areas.

A. Not applicable. Taxes are not allocated by accounting areas.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

- TX9. Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.
- A. In accordance with IRS Code Sec. 280, cost of removal is expensed for tax purposes.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX10. State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain.)

A. All tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX11. Show any income tax loss/gain carryovers from previous years that may effect historic test year income taxes or future test year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the historic test year.

A. None.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX12. Provide a detailed analysis of Taxes Accrued per books as of the historic and future test year dates. Also supply ght basis for the accrual and the amount of taxes accrued monthly.

A. Refer to the attached schedule of taxes accrued per books from July 1, 2010 to June 30, 2011.

The basis for the accruals is the monthly revenue and expense data as well as budgeted tax adjustments.

<u>Period</u>	<u>Current Federal CNI</u>	<u>Current PA-CNI</u>
July 2010	4,922,640	1,512,478
August 2010	4,219,543	1,296,469
September 2010	(13,585,688)	724,853
October 2010	1,548,257	1,067,042
November 2010	1,123,525	759,111
December 2010	(21,225,924)	343,425
January 2011	(1,675,472)	922,019
February 2011	(1,311,069)	733,494
March 2011	(2,225,361)	(3,848,776)
April 2011	(1,641,448)	(562,514)
May 2011	(1,964,838)	(673,252)
June 2011	<u>(3,717,887)</u>	<u>1,235,766</u>
TOTAL TAX ACCRUAL	(35,533,722)	3,510,115

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX13. Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, a Parent Company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state).

- a. State what option has been chosen by the group.
- b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.
- c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
- d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

A. a. Since the surtax exemption is no longer available to Aqua America, Inc., each participating member's share of the corporate tax liability is determined based on separate tax return calculations.

b, c, d, Attached are copies of Aqua America Inc. 2010 consolidated Federal Income Tax Summary. The 2010 tax return will be made available for review upon request and forwarded under a confidentiality agreement.

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

Line Description	Consolidated	Consolidating Adjustments	Corporate Eliminations	Subtotal Before Eliminations	AQUA 23-1702594	Elim 11-1111114	BHNE 01-0389938	CAT 01-0427843
INCOME:								
1a Gross receipts or sales	717,492,238	0	0	717,492,238	0	0	0	0
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	717,492,238	0	0	717,492,238	0	0	0	0
2 Less: cost of goods sold (Sch. A, line 8)	163,523,434	0	0	163,523,434	2,578	0	0	0
3 Gross profit	553,968,804	0	0	553,968,804	(2,578)	0	0	0
4 Dividends (Sch. C, line 19)	135,113	0	0	135,113	135,113	0	0	0
5 Interest	1,154,910	0	0	1,154,910	662,324	0	0	0
6 Gross rents	102,191	0	0	102,191	0	0	0	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	2,203,676	0	0	2,203,676	2,107,213	0	0	0
9 Net gain or (loss) from Form 4797, line 17	81,410	0	0	81,410	0	0	0	0
10 Other income	50,550,909	0	0	50,550,909	(49,065)	0	0	0
11 Total income. Lines 3 through 10	608,197,013	0	0	608,197,013	2,853,007	0	0	0
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	3,930,324	0	0	3,930,324	59,252	0	0	0
13 Salaries and wages	43,023,285	0	0	43,023,285	215,834	0	0	0
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	6,016,373	0	0	6,016,373	0	0	0	0
16 Rents	2,057,137	0	0	2,057,137	0	0	0	0
17 Taxes and licenses	63,163,374	0	0	63,163,374	(25,578)	0	0	0
18 Interest	71,931,667	0	0	71,931,667	4,353,747	0	0	0
19 Charitable contributions	0	(818,559)	0	818,559	0	0	0	0
20a Depreciation (Form 4562)	288,841,643	0	0	288,841,643	0	0	0	0
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	288,841,643	0	0	288,841,643	0	0	0	0
21 Depletion	12,162	0	0	12,162	0	0	0	0
22 Advertising	427,245	0	0	427,245	0	0	0	0
23 Pension, profit-sharing, etc., plans	19,457,784	0	0	19,457,784	105,670	0	0	0
24 Employee benefit programs	2,200,596	0	0	2,200,596	7,762	0	0	0
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	126,111,938	0	0	126,111,938	2,473,083	0	0	0
27 Total deductions. Lines 12 through 26	627,173,528	(818,559)	0	627,992,087	7,189,770	0	0	0
28 Tax. inc. before NOL & special deductions	(18,976,515)	818,559	0	(19,795,074)	(4,336,763)	0	0	0
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	97,555	0	0	97,555	94,579	0	0	0
c Total NOL and special deductions	97,555	0	0	97,555	94,579	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	(19,074,070)	818,559	0	(19,892,629)	(4,431,342)	0	0	0

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Aqua IL 36-1304390	CLM 01-0403799	Aqua ME 01-0039520	Aqua NJ 22-1914760	Aqua OH 34-1121305	ENVIROAUDIT 06-1385244	UMS 23-2286475	Aqua PA 23-2297407
INCOME:								
1a Gross receipts or sales	41,624,789	0	10,656,697	33,561,582	43,146,408	0	0	371,291,255
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	41,624,789	0	10,656,697	33,561,582	43,146,408	0	0	371,291,255
2 Less: cost of goods sold (Sch. A, line 8)	9,758,747	0	2,710,029	7,196,133	8,794,414	0	0	76,384,802
3 Gross profit	31,866,042	0	7,946,668	26,365,449	34,351,994	0	0	294,906,453
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	2,082	0	0	19,805	83,884	0	0	182,138
6 Gross rents	23,738	0	0	4,800	10	0	0	26,888
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	0	36,065	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	37,889	0	0	23,968
10 Other income	889,496	0	670,060	409,755	921,135	0	0	5,240,320
11 Total income. Lines 3 through 10	32,781,358	0	8,652,793	26,799,809	35,394,912	0	0	300,379,767
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	7,276	0	312,380	(29,468)	449,687	0	0	367,396
13 Salaries and wages	1,106,029	0	(24,290)	1,082,960	2,142,142	0	0	6,839,300
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	604,445	0	69,297	168,094	475,797	0	0	2,413,294
16 Rents	34,068	0	3,476	38,890	177,071	0	0	139,170
17 Taxes and licenses	3,468,297	0	1,062,565	5,255,064	10,030,667	0	0	21,035,873
18 Interest	4,502,754	0	785,277	2,713,189	2,861,339	0	0	43,122,400
19 Charitable contributions	134,246	0	10,367	500	0	0	0	699,931
20a Depreciation (Form 4562)	13,543,373	0	4,888,045	8,665,055	11,157,913	0	0	181,861,752
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	13,543,373	0	4,888,045	8,665,055	11,157,913	0	0	181,861,752
21 Depletion	0	0	0	0	0	0	0	12,162
22 Advertising	20,339	0	11,501	33,451	47,819	0	0	211,648
23 Pension, profit-sharing, etc., plans	1,342,207	0	156,674	1,480,122	1,737,274	0	0	10,321,668
24 Employee benefit programs	95,496	0	25,808	84,012	84,632	0	0	746,873
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	5,637,949	0	2,028,105	4,392,987	5,548,934	0	0	39,209,697
27 Total deductions. Lines 12 through 26	30,496,479	0	9,329,205	23,884,866	34,713,275	0	0	306,981,164
28 Tax, inc. before NOL & special deductions	2,284,879	0	(676,412)	2,914,943	681,637	0	0	(6,601,397)
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	2,976	0	0	0	0	0	0	0
c Total NOL and special deductions	2,976	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	2,281,903	0	(676,412)	2,914,943	681,637	0	0	(6,601,397)

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

Line Description	LWW 23-1999647	Services 23-2846342	Aqua Resource 51-0324033	Hawley 24-0606543	Aqua NC 56-0854500	Cons. Indiana 37-1427019	Aqua Acquis. 23-3872035	Aqua Utilities 76-0556391
INCOME:								
1a Gross receipts or sales	6,079,724	0	2,220,300	443,620	44,897,104	497,000	0	53,194,643
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	6,079,724	0	2,220,300	443,620	44,897,104	497,000	0	53,194,643
2 Less: cost of goods sold (Sch. A, line 8)	2,483,565	125,963	1,060,465	60,335	12,596,145	247,287	0	15,378,331
3 Gross profit	3,596,159	(125,963)	1,159,835	383,285	32,300,959	249,713	0	37,816,312
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	0	0	0	0	187,425	0	0	135
6 Gross rents	0	0	0	3,000	0	0	0	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	0	0	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	0	0	0	0
10 Other income	0	38,735,226	855,610	0	945,252	0	0	497,402
11 Total income. Lines 3 through 10	3,596,159	38,609,263	2,015,445	386,285	33,433,636	249,713	0	38,313,849
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	273,229	2,172,185	(4,067)	0	93,904	0	0	0
13 Salaries and wages	80,132	20,474,721	184,437	12,377	2,338,421	8,130	0	2,411,338
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	17,350	0	0	3,895	390,117	1,569	0	723,961
16 Rents	0	516,474	0	0	168,712	0	0	403,120
17 Taxes and licenses	162,174	1,306,717	107,924	67,630	3,145,197	6,063	0	1,623,418
18 Interest	88,648	0	117	5,865	3,231,745	21,214	0	3,865,675
19 Charitable contributions	0	50	0	0	100	0	0	1,000
20a Depreciation (Form 4562)	1,674,356	181,085	91,795	219,355	13,414,597	103,258	0	19,056,119
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	1,674,356	181,085	91,795	219,355	13,414,597	103,258	0	19,056,119
21 Depletion	0	0	0	0	0	0	0	0
22 Advertising	0	45,122	0	0	0	0	0	1,100
23 Pension, profit-sharing, etc., plans	0	980,683	0	0	15,055	0	0	14,660
24 Employee benefit programs	0	450,535	5,754	0	170,954	(344)	0	133,368
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	1,681,669	11,100,856	783,109	31,804	13,179,184	71,467	0	14,997,969
27 Total deductions. Lines 12 through 26	3,977,558	37,228,428	1,169,069	340,926	36,147,986	211,357	0	43,231,728
28 Tax. inc. before NOL & special deductions	(381,399)	1,380,835	846,376	45,359	(2,714,350)	38,356	0	(4,917,879)
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	0	0	0	0	0	0	0	0
c Total NOL and special deductions	0	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	(381,399)	1,380,835	846,376	45,359	(2,714,350)	38,356	0	(4,917,879)

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Aqua Missouri 43-1529460	Aqua Develop 76-0581965	Aqua Oper 43-1979151	Aqua RU 43-1237620	Aqua SC 57-1037721	Capitol Eng 62-1436205	Crystal River 59-3335224	Dolomite 59-1171072
INCOME:								
1a Gross receipts or sales	1,379,281	13,011	2,359,485	572,383	187,729	0	151,419	8,120,773
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	1,379,281	13,011	2,359,485	572,383	187,729	0	151,419	8,120,773
2 Less: cost of goods sold (Sch. A, line 8)	376,416	12,643	1,241,459	170,713	127,370	0	45,704	2,826,300
3 Gross profit	1,002,865	368	1,118,026	401,670	60,359	0	105,715	5,294,473
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	0	0	0	0	0	0	0	0
6 Gross rents	0	0	0	0	0	0	0	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	0	0	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	19,553	0	0	0
10 Other income	0	0	123,301	0	0	0	160	3,903
11 Total income. Lines 3 through 10	1,002,865	368	1,241,327	401,670	79,912	0	105,875	5,298,376
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	0	0	0	0	0	0	0	11,666
13 Salaries and wages	76,998	130,972	89,829	52,095	0	0	2,276	113,804
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	24,938	1	4,753	19,280	1,065	0	4,020	87,874
16 Rents	4,007	46	1,109	3,877	0	0	0	66,534
17 Taxes and licenses	143,274	1,922	70,434	17,360	1,626	0	7,637	531,879
18 Interest	59,682	123	0	35,166	4,524	0	20	(3,595)
19 Charitable contributions	2	0	250	6	0	0	0	0
20a Depreciation (Form 4562)	337,719	4,309	0	123,131	4,963	0	96,198	3,402,942
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	337,719	4,309	0	123,131	4,963	0	96,198	3,402,942
21 Depletion	0	0	0	0	0	0	0	0
22 Advertising	0	0	0	0	0	0	0	0
23 Pension, profit-sharing, etc., plans	0	0	0	0	0	0	0	0
24 Employee benefit programs	7,359	4,252	16,709	2,631	0	0	972	16,401
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	497,986	(122,651)	813,152	212,941	2,050	0	64,237	2,083,204
27 Total deductions. Lines 12 through 26	1,151,965	18,944	996,236	466,487	14,228	0	175,360	6,312,709
28 Tax. inc. before NOL & special deductions	(149,100)	(18,576)	245,091	(64,817)	65,684	0	(69,485)	(1,014,333)
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	0	0	0	0	0	0	0	0
c Total NOL and special deductions	0	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	(149,100)	(18,576)	245,091	(64,817)	65,684	0	(69,485)	(1,014,333)

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

Line Description	Aqua NY 13-2520321	Reston Lake 52-1193654	Aqua Virginia 54-0991637	Water One 35-2004429	Wildwood Shores 35-1438151	Wymberly 35-1377452	Utility Center 35-1333925	Wastewater One 35-1981486
INCOME:								
1a Gross receipts or sales	747,985	257,233	11,479,836	213,307	115,957	517,640	13,607,357	0
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	747,985	257,233	11,479,836	213,307	115,957	517,640	13,607,357	0
2 Less: cost of goods sold (Sch. A, line 8)	181,880	287,449	2,367,098	150,649	34,495	107,540	2,155,251	0
3 Gross profit	566,105	(30,216)	9,112,738	62,658	81,462	410,100	11,452,106	0
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	0	0	0	1,137	0	0	4,119	0
6 Gross rents	0	0	0	0	0	0	0	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	0	0	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	0	0	0	0
10 Other income	2,435	254,886	34,063	0	0	0	136,283	0
11 Total income. Lines 3 through 10	568,540	224,670	9,146,801	63,795	81,462	410,100	11,592,508	0
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	0	0	0	0	0	0	116,846	0
13 Salaries and wages	35,299	33,717	1,009,278	7,326	710	23,917	805,427	0
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	10,887	18,501	102,944	0	83	(1,119)	36,913	0
16 Rents	0	14,394	70,413	0	0	0	62,913	0
17 Taxes and licenses	157,794	21,374	689,476	6,169	321	42,891	1,300,303	0
18 Interest	75,309	1	1,225,230	0	25,909	41,370	1,261,472	0
19 Charitable contributions	100	0	(32,908)	0	0	0	1,999	0
20a Depreciation (Form 4562)	169,305	22,406	2,193,085	0	45,308	134,759	5,649,241	0
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	169,305	22,406	2,193,085	0	45,308	134,759	5,649,241	0
21 Depletion	0	0	0	0	0	0	0	0
22 Advertising	0	0	0	0	0	0	1	0
23 Pension, profit-sharing, etc., plans	0	0	21,325	0	0	0	0	0
24 Employee benefit programs	39	0	50,412	1,787	306	968	52,815	0
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	76,552	140,910	2,280,294	14,549	29,443	100,183	3,655,266	0
27 Total deductions. Lines 12 through 26	525,285	251,303	7,609,549	29,831	102,080	342,969	12,943,196	0
28 Tax, inc. before NOL & special deductions	43,255	(26,633)	1,537,252	33,964	(20,618)	67,131	(1,350,688)	0
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	0	0	0	0	0	0	0	0
c Total NOL and special deductions	0	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	43,255	(26,633)	1,537,252	33,964	(20,618)	67,131	(1,350,688)	0

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Reynolds Oper 35-1934394	Sydnor Hydro 54-0400830	Aqua Indiana 35-1864455	Hendricks 35-1934386	Indiana Wtr Inf 35-2031623	Aqua UC 20-0111680	Aqua FL 20-1271689	Aqua Texas 56-2527052
INCOME:								
1a Gross receipts or sales	0	3,207,664	231,618	3,716,645	0	0	14,654,834	0
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	0	3,207,664	231,618	3,716,645	0	0	14,654,834	0
2 Less: cost of goods sold (Sch. A, line 8)	0	791,873	90,160	475,561	0	0	5,133,573	0
3 Gross profit	0	2,415,791	141,458	3,240,984	0	0	9,521,261	0
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	0	0	0	0	0	0	0	0
6 Gross rents	0	0	0	0	0	0	36,355	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	0	0	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	0	0	0	0
10 Other income	0	286,768	121	0	0	0	205,685	0
11 Total income. Lines 3 through 10	0	2,702,559	141,579	3,240,984	0	0	9,763,301	0
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	0	0	0	0	0	0	88,477	0
13 Salaries and wages	0	64,509	62,605	41,547	0	0	1,137,957	0
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	0	14,105	2,403	15,156	0	0	640,509	0
16 Rents	0	0	4,980	0	0	0	243,934	0
17 Taxes and licenses	0	124,155	48,545	303,047	0	0	1,614,884	0
18 Interest	0	31	20,695	305,975	0	0	1,371,133	0
19 Charitable contributions	0	0	1,125	0	0	0	0	0
20a Depreciation (Form 4562)	0	1,220,329	93,418	3,899,748	0	0	5,255,719	0
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	0	1,220,329	93,418	3,899,748	0	0	5,255,719	0
21 Depletion	0	0	0	0	0	0	0	0
22 Advertising	0	0	802	0	0	0	270	0
23 Pension, profit-sharing, etc., plans	0	2,590	0	0	0	0	39,782	0
24 Employee benefit programs	0	5,892	4,994	7,834	0	0	102,372	0
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	0	874,164	(86,606)	707,238	0	0	3,918,473	0
27 Total deductions. Lines 12 through 26	0	2,305,775	152,961	5,280,545	0	0	14,413,510	0
28 Tax. inc. before NOL & special deductions	0	396,784	(11,382)	(2,039,561)	0	0	(4,650,209)	0
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	0	0	0	0	0	0	0	0
c Total NOL and special deductions	0	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	0	396,784	(11,382)	(2,039,561)	0	0	(4,650,209)	0

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

Line Description	Louisiana 20-3149171	Waste Mgt 20-2487690	Wisconsin 20-3511914	G&E 22-3124798	W Hancock 26-1499420	S Haven 26-1665324	NYWS 13-1662101	Sea Cliff 11-1308867
INCOME:								
1a Gross receipts or sales	0	7,824,900	0	0	604,054	3,484,603	30,176,309	2,893,360
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	0	7,824,900	0	0	604,054	3,484,603	30,176,309	2,893,360
2 Less: cost of goods sold (Sch. A, line 8)	0	2,595,727	0	0	152,778	860,940	5,036,150	360,918
3 Gross profit	0	5,128,173	0	0	451,276	2,623,663	25,140,159	2,532,442
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	0	2	0	0	0	2,568	0	0
6 Gross rents	0	7,200	0	0	0	200	0	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	34,013	0	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	0	0	0	0
10 Other income	0	53,493	0	605,822	12,480	2,400	(679,689)	253,813
11 Total income. Lines 3 through 10	0	5,222,881	0	605,822	463,756	2,628,831	24,460,470	2,786,255

DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	0	(14,093)	0	0	0	0	28,413	(2,759)
13 Salaries and wages	0	635,684	0	0	208	188,161	1,381,103	138,261
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	0	18,373	0	0	8,134	21,523	94,191	3,725
16 Rents	0	0	0	0	0	14,140	69,092	3,453
17 Taxes and licenses	0	183,232	0	3,010	153,339	275,234	9,017,235	902,905
18 Interest	0	256,952	0	0	111,849	189,980	1,260,907	116,861
19 Charitable contributions	0	0	0	0	0	700	716	375
20a Depreciation (Form 4562)	0	749,442	0	0	256,564	1,171,225	3,928,243	391,498
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	0	749,442	0	0	256,564	1,171,225	3,928,243	391,498
21 Depletion	0	0	0	0	0	0	0	0
22 Advertising	0	55,072	0	0	0	0	0	0
23 Pension, profit-sharing, etc., plans	0	0	0	0	0	0	3,123,106	116,968
24 Employee benefit programs	0	75,973	0	0	783	20,067	6,472	13,041
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	0	3,518,018	0	584,120	112,607	777,104	3,695,909	289,322
27 Total deductions. Lines 12 through 26	0	5,478,653	0	587,130	643,484	2,658,134	22,605,387	1,973,650
28 Tax. inc. before NOL & special deductions	0	(255,772)	0	18,692	(179,728)	(29,303)	1,855,083	812,605
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	0	0	0	0	0	0	0	0
c Total NOL and special deductions	0	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	0	(255,772)	0	18,692	(179,728)	(29,303)	1,855,083	812,605

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Kerrville 75-1332258	Harper 74-2612492	Honedale 24-0614360	Lawrenceville 21-0497360	Heir Industries 35-1761058	Aqua Georgia 27-1466474	Walkill Water 22-2256383	Walkill Sewer 22-2253237
INCOME:								
1a Gross receipts or sales	773,714	331,326	1,035,080	1,119,427	44,482	35,680	4,324	17,700
b Less: Returns and allowances	0	0	0	0	0	0	0	0
c Net receipts or sales	773,714	331,326	1,035,080	1,119,427	44,482	35,680	4,324	17,700
2 Less: cost of goods sold (Sch. A, line 8)	114,783	55,185	214,839	583,779	20,249	40,725	0	11,333
3 Gross profit	658,931	276,141	820,241	535,648	24,233	(5,045)	4,324	6,367
4 Dividends (Sch. C, line 19)	0	0	0	0	0	0	0	0
5 Interest	0	0	9,259	32	0	0	0	0
6 Gross rents	0	0	0	0	0	0	0	0
7 Gross royalties	0	0	0	0	0	0	0	0
8 Capital gain net income (Schedule D)	0	0	26,385	0	0	0	0	0
9 Net gain or (loss) from Form 4797, line 17	0	0	0	0	0	0	0	0
10 Other income	0	0	0	139,794	0	0	0	0
11 Total income. Lines 3 through 10	658,931	276,141	855,885	675,474	24,233	(5,045)	4,324	6,367
DEDUCTIONS:								
12 Compensation of officers (Sch. E, line 4)	0	0	0	0	0	0	0	0
13 Salaries and wages	19,230	15,399	43,364	33,848	8,230	0	0	0
14 Repairs and maintenance	0	0	0	0	0	0	0	0
15 Bad Debts	8,981	2,070	1,668	7,526	50	0	0	0
16 Rents	6,631	3,683	0	4,950	0	0	0	0
17 Taxes and licenses	21,986	15,069	78,388	171,425	5,146	7,303	0	0
18 Interest	(611)	134	11,286	5,830	3,464	0	0	0
19 Charitable contributions	0	0	0	0	0	0	0	0
20a Depreciation (Form 4562)	0	0	2,652,579	2,082,202	55,702	33,520	0	11,385
20b Less: Depreciation claimed on Schedule A	0	0	0	0	0	0	0	0
20c Net depreciation	0	0	2,652,579	2,082,202	55,702	33,520	0	11,385
21 Depletion	0	0	0	0	0	0	0	0
22 Advertising	0	0	0	0	0	120	0	0
23 Pension, profit-sharing, etc., plans	0	0	0	0	0	0	0	0
24 Employee benefit programs	1,361	1,924	0	0	382	0	0	0
25 Domestic production activities deduction	0	0	0	0	0	0	0	0
26 Other deductions	132,162	90,840	144,724	168,638	51,158	149,158	0	0
27 Total deductions. Lines 12 through 26	189,740	129,119	2,932,009	2,474,419	124,132	190,101	0	11,385
28 Tax. inc. before NOL & special deductions	469,191	147,022	(2,076,124)	(1,798,945)	(99,899)	(195,146)	4,324	(5,018)
29a Less: NOL deduction	0	0	0	0	0	0	0	0
b Less: Special deductions (Sch. C line 20)	0	0	0	0	0	0	0	0
c Total NOL and special deductions	0	0	0	0	0	0	0	0
Less: CCF amount	0	0	0	0	0	0	0	0
30 Taxable income. Line 28 less line 29c less CCF amount	469,191	147,022	(2,076,124)	(1,798,945)	(99,899)	(195,146)	4,324	(5,018)

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

	Consolidated	Consolidating Adjustments	Corporate Eliminations	Subtotal Before Eliminations	AQUA 23-1702594	Elim 11-1111114	BHNE 01-0389938	CAT 01-0427843
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TAX AND PAYMENTS:

31 Total tax (Sch. - J, line 10)	0
Insurance companies only - PY special estimated tax pmnts	0
32a Overpayment allowed as a credit	0
32a Overpayment allowed as a credit	33,600,000
b Estimated tax payments	0
c Less refund applied for on Form 4466	33,600,000
d Balance. Add lines 32a through 32c	0
Backup withholding	0
Other payments and credits	0
e Tax deposited with Form 7004	0
f(1) CR-Undistributed capital gains (Form 2439)	0
f(2) CR for Federal tax on fuels (Form 4136)	0
Ozone depletion chemical tax credit	0
g Refundable Credits from Form 3800 and 8827	0
h Payments - Add lines 32d through 32g	33,600,000
33 Penalty for underpayment of estimated tax	0
34 Tax due	0
35 Overpayment	33,600,000
36a Amount of line 35 to be credited to estimated tax	0
b Amount of line 35 to be refunded	33,600,000
Section 1291 Interest	0
Section 1294 Interest	0

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Aqua IL	CLM	Aqua ME	Aqua NJ	Aqua OH	ENVIROAUDIT	UMS	Aqua PA
	36-1304390	01-0403799	01-0039520	22-1914760	34-1121305	06-1385244	23-2286475	23-2297407

TAX AND PAYMENTS:

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- 32a Overpayment allowed as a credit
 - b Estimated tax payments
 - c Less refund applied for on Form 4466
 - d Balance. Add lines 32a through 32c
- Backup withholding
 - Other payments and credits
 - e Tax deposited with Form 7004
 - f(1) CR-Undistributed capital gains (Form 2439)
 - f(2) CR for Federal tax on fuels (Form 4136)
 - Ozone depletion chemical tax credit
 - g Refundable Credits from Form 3800 and 8827
 - h Payments - Add lines 32d through 32g
- 33 Penalty for underpayment of estimated tax
- 34 Tax due
- 35 Overpayment
 - 36a Amount of line 35 to be credited to estimated tax
 - b Amount of line 35 to be refunded
- Section 1291 Interest
- Section 1294 Interest

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	LWW	Services	Aqua Resource	Hawley	Aqua NC	Cons. Indiana	Aqua Acquis.	Aqua Utilities
	23-1999647	23-2846342	51-0324033	24-0606543	56-0854500	37-1427019	23-3872035	76-0556391

TAX AND PAYMENTS:

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Backup withholding
 - Other payments and credits
 - e Tax deposited with Form 7004
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- Section 1291 Interest
- Section 1294 Interest

AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

Line Description	Aqua Missouri 43-1529460	Aqua Develop 76-0581965	Aqua Oper 43-1979151	Aqua RU 43-1237620	Aqua SC 57-1037721	Capitol Eng 62-1436205	Crystal River 59-3335224	Dolomite 59-1171072
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TAX AND PAYMENTS:

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- 32b Estimated tax payments
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- Other payments and credits
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AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Aqua NY 13-2520321	Reston Lake 52-1193654	Aqua Virginia 54-0991637	Water One 35-2004429	Wildwood Shores 35-1438151	Wymberty 35-1377452	Utility Center 35-1333925	Wastewater One 35-1981486
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TAX AND PAYMENTS:

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AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Reynolds Oper 35-1934394	Sydnor Hydro 54-040830	Aqua Indiana 35-1864455	Hendricks 35-1934386	Indiana Wtr Inf 35-2031623	Aqua UC 20-0111680	Aqua FL 20-1271689	Aqua Texas 56-2527052
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TAX AND PAYMENTS:

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 - b Estimated tax payments
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AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
 For the year ended: 12/31/2010

Line Description	Louisiana 20-3149171	Waste Mgt 20-2487690	Wisconsin 20-3511914	G&E 22-3124798	W Hancock 26-1499420	S Haven 26-1665324	NYWS 13-1662101	Sea Cliff 11-1308867
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TAX AND PAYMENTS:

- 31 Total tax (Sch. J, line 10)
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AQUA AMERICA INC
INCOME, DEDUCTIONS, AND TAXES - ENTITY DETAIL
For the year ended: 12/31/2010

Line Description	Kerrville 75-1332258	Harper 74-2612492	Honesdale 24-0614360	Lawrenceville 21-0497360	Heir Industries 35-1761058	Aqua Georgia 27-1466474	Walkill Water 22-2256383	Walkill Sewer 22-2253237
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TAX AND PAYMENTS:

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- Section 1294 Interest

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX14. Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation workpapers for the Company's consolidated tax savings adjustment.

A. A copy will be provided upon request and forwarded under a confidentiality agreement.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX15. Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. social security
- b. unemployment
- c. capital stock
- d. public utility realty
- e. P.U.C. assessment
- f. other property
- g. any other appropriate categories

A. Refer to exhibit 1-A, pages 61 – 65.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX16. Submit a schedule showing a breakdown of the deferred income taxes by state and federal per books, pro-forma, existing rates, and under proposed rates.

A.

	<u>Per Books</u>	<u>Historic</u>	<u>Future</u>
	<u>12 Mos. Ended</u>	<u>Test Year</u>	<u>Test Year</u>
	<u>12/31/10</u>	<u>6/30/11</u>	<u>6/30/12</u>
Deferred Federal Tax Expenses	\$51,270,175	\$41,357,034	\$41,357,034
Deferred PA State Tax Expenses	\$ 1,469,359	\$ 0	\$ 0
	<u>\$52,739,534</u>	<u>\$41,357,034</u>	<u>\$41,357,034</u>

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

- TX17. With respect to determination of income taxes, federal and state:
- a. Show income tax results of the annualizing and normalizing adjustments to the historic test year before any rate increase.
 - b. Show income taxes for the annualized and normalized test year.
 - c. Show income tax effect of the rate increase requested.
 - d. Show income taxes for the normalized and annualized test year after application of the full rate increase.
- A. See Exhibit 1-A, page 2 and pages 66-67.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

D. Taxes

TX18. State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:

- a. Actual per book test year
- b. Annualized historic test year-end
- c. Proposed future test year-end

A. The debt interest utilized for income tax calculations is the same interest that is accrued on the books. Under the Uniform Capitalization rules, interest must also be capitalized for income tax purposes. Please see pages 2, 66, and 71 in exhibit 1-A for further details.