



Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

www.aquaamerica.com

April 20, 2012

**VIA FEDERAL EXPRESS**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Two North Keystone  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

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APR 20 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: **Aqua Pennsylvania, Inc - Docket No. R-2011-2267958**

Dear Secretary Chiavetta:

Enclosed please find an original and three copies of the Joint Petition for Settlement of Rate Investigation for filing.

Please contact me at (610) 645-1077 should you have any questions.

Respectfully submitted,

Kimberly A. Joyce  
Regulatory Counsel and Manager  
of Legislative Affairs

/lf

cc: Judge Angela T. Jones  
Judge Darlene D. Heep

Enclosures – Certificate of Service

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APR 20 2012

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION**

v.

**AQUA PENNSYLVANIA, INC.**

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:  
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:  
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:

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**DOCKET NO. R-2011-2267958, et al.**

**JOINT PETITION FOR SETTLEMENT  
OF  
RATE INVESTIGATION**

**TO THE HONORABLE ANGELA T. JONES AND DARLENE D. HEEP,  
ADMINISTRATIVE LAW JUDGES:**

Aqua Pennsylvania, Inc. ("AP" or the "Company"), the Bureau of Investigation & Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), and the Aqua Large Users Group ("Aqua LUG"), (all such parties collectively referred to as the "Joint Petitioners"), by their respective counsel, respectfully submit this Joint Petition For Settlement Of Rate Investigation ("Joint Petition") and request that the Administrative Law Judges: (1) approve the settlement of this proceeding as set forth in this Joint Petition (the "Settlement"); and (2) recommend that the Commission adopt the Settlement, permit AP to file the tariff supplement attached hereto as Appendix A to become effective pursuant to the terms set forth therein, terminate its investigation at Docket No. R-2011-2267958 *et al.* and mark the consolidated docket closed. In support of their request, the Joint Petitioners state as follows:

## I. BACKGROUND

1. On November 18, 2011, the Company filed Supplement No. 115 to Tariff Water-Pa. P.U.C. No. 1 (“Supplement No. 115”) requesting an increase in its total annual operating revenues to become effective January 18, 2012. The amount of the requested increase equaled \$38,600,000, or approximately 9.4% over the level of revenues anticipated for the future test year ending June 30, 2012. By Order entered January 12, 2012, the Commission instituted a formal investigation at Docket No. R-2011-2267958 to determine the lawfulness, justness and reasonableness of the Company’s existing and proposed rates, rules and regulations. Supplement No. 115 was thereby suspended by operation of law until August 18, 2012, unless permitted by Commission order to become effective at an earlier date. The case was then assigned to Administrative Law Judges Angela T. Jones and Darlene D. Heep for purposes of conducting hearings and issuing a Recommended Decision.

2. A total of 22 Formal Complaints and customer objection letters were filed with the Commission opposing the Company’s proposed rates. I&E entered its appearance and participated fully in this proceeding. Among the Complainants and Intervenors, all elected inactive party status except I&E, the OCA, the OSBA, Aqua LUG, pro se complainants Jerome Linden and Robert Curtius.

3. A telephonic Prehearing Conference was held on January 30, 2012, at which a schedule was established for the submission of testimony and the conduct of evidentiary and public input hearings. Specifically, and consistent with recent Commission practice, a schedule was adopted whereby all case-in-chief, rebuttal and surrebuttal testimony would be submitted in advance of hearings. Evidentiary hearings were scheduled for April 9-11, 2012 at which all

testimony and exhibits would be placed on the record and all witnesses presented for cross-examination thereon.

Four public input hearings and one telephonic hearing were held, as follows:

- March 1, 2012 -- Radnor Township Building
- March 2, 2012 -- Telephonic Public Input
- March 5, 2012 -- East Goshen Township Building
- March 6, 2012 -- Hatboro Borough
- March 8, 2012 -- Kingstown Township Municipal Building

4. Accompanying Supplement No. 115, the Company filed the extensive and detailed supporting information required by the Commission's regulations (52 Pa. Code § 53.52 *et seq.*) for both the historic test year ended June 30, 2011 and the future test year ending June 30, 2012. The Company's supporting information included the prepared direct testimony of seven initial witnesses and the various exhibits sponsored by them. Considerable additional information was supplied in response to interrogatories and data requests that, including their various subparts, totaled approximately 600. In accordance with the previously established schedule, on February 17, 2012, I&E, OCA, OSBA and Mr. Linden submitted direct testimony and numerous exhibits addressing rate of return, accounting, and rate structure/cost allocation. On March 19, 2012, AP filed rebuttal testimony with various associated exhibits. In addition, rebuttal statements were submitted by Aqua LUG and OSBA. Surrebuttal testimony was submitted by I&E, the OCA, and the OSBA.

5. An evidentiary hearing was held in Harrisburg on April 10, 2012 at which three witnesses for AP and one witness for OCA were cross-examined by Mr. Curtius and the parties moved their respective pre-filed statements and exhibits into the record. The hearings scheduled for April 9 and 11, 2012 were not needed and, therefore, were canceled.

6. Various conferences were conducted by the parties in person and by telephone to try to achieve a settlement of some or all of the issues in this case. As a result of those discussions, AP, I&E, OCA and Aqua LUG were able to agree to the Settlement set forth herein. While the Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able, to agree upon the specific rate case adjustments which support their respective conclusions, they are in full agreement that this Settlement is in the best interest of the Company and its customers and, therefore, is in the public interest.

## **II. TERMS AND CONDITIONS**

7. The Settlement consists of the following terms and conditions:
- a. Upon the Commission's approval of this Settlement, AP will be permitted to charge the rates for water service set forth in the proposed Tariff Supplement annexed hereto as Appendix A (hereafter, the "Settlement Rates"). The Settlement Rates are designed to produce additional annual operating revenue of \$16.7 million, as shown on the proof of revenues annexed hereto as Appendix B. The Tariff Supplement set forth in Appendix A has been reviewed by the Joint Petitioners and complies with the terms of the Settlement. The Settlement Rates are designed to produce approximately \$425,559,264 in total annual water revenue (including Other Revenue) as shown in Appendix B, page 1, column 6.
  - b. The Joint Petitioners agree to exercise best efforts to obtain approval of this Settlement by the Commission on or before June 7, 2012 and the implementation of the Settlement Rates on or before June 8, 2012. Upon the entry of a Commission Order approving this Joint Petition, the Company will be permitted to file a tariff supplement in the form attached hereto as Appendix A to become effective upon one day's notice.

c. AP will not file for another general water rate increase under Section 1308(d) of the Public Utility Code prior to November 18, 2013. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy or statutes which directly and substantially affect the Company's rates, this Settlement shall not prevent the Company from filing tariff supplements to the extent necessitated by such action. The Joint Petitioners further agree that if AP files a general base rate water case on or after November 18, 2013 but before January 1, 2014, AP will be permitted to utilize historic test year data for the twelve months ended June 30, 2013.

d. The Company will not make the tax repair election in its federal income tax return filed in 2012 for tax year 2011, unless otherwise directed by rule or regulation. Should the Company decide to make the tax repair election in a return filed after 2012, the Company will so notify the signatories to the Joint Petition for Settlement within 30 days after its return is filed. The Company will utilize flow through accounting for the tax benefits of the repair election; first utilizing the current repair deduction, and only then utilizing any available catch up deduction. However, the Company may only initiate the flow through of the repair catch-up deduction to income upon notification to the signatory parties that it will not file its next water base rate filing in 2013. Following such notification, and annually following the repair election, flow through of the catch-up adjustment will be limited to the amount of the catch-up deduction utilized to offset taxable income in the tax year (i.e. not creating a net operating loss), or 10% of the total catch-up amount, whichever is less. The treatment of the catch-up deduction related to the portion not yet flowed through will be addressed and dealt with in the Company's next water base rate case.

e. For the period that the Settlement Rates are in effect, a 10.2% rate of return on common equity shall be used by AP for Distribution System Improvement Charge purposes in lieu of the equity return rates(s) calculated in the Commission's Quarterly Earnings Reports.

f. The above revenue increase includes \$1,642,246 in expense for the purpose of funding AP's SFAS 106 post-retirement benefits (OPEB) costs. This amount includes \$68,480 (total cost) for the amortization of the SFAS 106 transition and stub period costs. Upon the completion of that amortization on December 31, 2012, this amount will be recognized as being available to fund ongoing post-retirement benefits costs and included in the determination of the regulatory asset or liability on a monthly basis beginning in January 2013.

g. AP will record the amortization of acquisitions as indicated in AP Statement No. 1-R filed on March 19, 2012 and in the manner set forth on the schedule accompanying AP's response to Interrogatory BIE-RE-4, which is attached hereto as Exhibit 1.

h. AP agrees that notice of its intention to seek an adjustment to rate base associated with acquisition of a troubled water system, whether positive or negative, will be specifically provided to the I&E and the OCA at the same time the Company files and serves its original cost study for each such acquisition with the Commission.

i. The Joint Petitioners acknowledge and agree that the depreciation rates set forth in AP Exhibit No. 6-A, Part II, are approved for ratemaking purposes and that the Company will use such depreciation rates to calculate the depreciation expense it records on its regulated books of account.

j. The Settlement Rates set forth in Appendix A reflect the Joint Petitioners' agreement with regard to rate structure, rate design and the distribution of the increase in revenues in this case, as follows:<sup>1</sup>

(1) **Main Division**

The 5/8 inch customer charge will be \$16.00 per month. The same percentage increase, i.e. 6.7%, will be applied to tariff customer charges for all meter sizes.

The fourth public class usage rate will be \$0.6668 per hundred gallons.

(2) **Clarendon**

The 5/8 inch customer charge will be \$16.00 per month. The 3/4 inch customer charge will be \$27.50 per month. The 1 inch, 1 ½ inch and 2 inch meter customer charges will be \$40.00 per month. The 3 inch meter customer charge will be \$70.00 per month.

The residential class usage rate will be \$0.7208 per hundred gallons for the 1<sup>st</sup> block usage and \$0.8208 per hundred gallons for the 2<sup>nd</sup> block usage

The commercial class usage rate for the 1<sup>st</sup> 2<sup>nd</sup> and 3<sup>rd</sup> usage block is \$0.7208 per hundred gallons. The 4<sup>th</sup> block usage rate is \$0.6668 per hundred gallons.

Clarendon will move to Main Division rates in the next rate case.

(3) **Honesdale**

The 5/8 inch customer charge will be \$16.00 per month. The 3/4 inch customer charge will be \$27.50 per month. All residential consumption is \$0.7980 per hundred gallons.

Residential and commercial rates based on units and allowances will be eliminated from AP's tariff. All other meter size charges are set forth in Appendix A.

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<sup>1</sup> Subparagraphs (1)-(12) provide a general description of the rate structure and rate design incorporated in the Settlement Rates. While every effort has been made to ensure that such description is accurate, if any inconsistency exists between such description and the rates set forth in Appendix A, the latter shall take precedence.



(4) **Kratzerville**

The following monthly rates for residential customers:

5/8 inch and 1 inch meter are the same as Main Division; \$0.8000 per hundred gallons for all consumption

(5) **Bensalem**

The 5/8 inch customer charge will be \$16.00 per month. All other customer charges to be the same as Main Division.

The residential class usage rate will be \$0.880 per hundred gallons.

The commercial and industrial class usage rates will be \$0.880 per hundred gallons for the first and second blocks. All commercial and industrial class usage over 333,300 gallons will be made the same as the corresponding usage rate in Main Division.

(6) **Chalfont**

The following monthly rates for residential customers:

5/8 – inch meter: \$15.00

\$0.7100 per hundred gallons for all consumption

(7) **Country Club Garden**

The 5/8 inch, 3/4 inch and 1 inch customer charges will be \$15.00 per month.

The residential usage rate will increase to \$0.500 per hundred gallons for the first 2,000 gallons per month and \$0.600 per hundred gallons for all usage over 2,000 gallons per month. The commercial class usage rate will be \$0.700 per hundred gallons for all usage.

(8) **Shenango**

The Sales to Other Utility usage rate will be equal to \$0.5642 per hundred gallons.

(9) **Seasonal Customers- Western, Fawn Lake, Tanglewood, Eagle Rock, Thornhurst and Woodledge Village Divisions**

The 5/8 inch and 3/4 inch customer charges will be \$26.00 per month.

The usage rate for the first 4,000 gallons per month will be determined by the average bill in the Main Division. All usage over 4,000 gallons per month will be the same as the second usage rate in Main Division.

(10) **Quasi-Seasonal Customers- Oakland Beach, Lakeside, CS Water, Pinecrest**

**Oakland Beach/Lakeside Acres**

The minimum 5/8 inch and 3/4 customer charges will be \$23.50 per month.

1<sup>st</sup> Block usage rate same as Seasonal Customers.

2<sup>nd</sup> Block usage rate \$0.8962 per hundred gallons

Large meter sizes are the same as seasonal customers.

**CS Water**

The minimum 5/8 inch and 3/4 customer charges will be \$26.00 per month.

All usage up to 4,000 gallons will be \$0.480 per hundred gallons. All usage over 4,000 gallons is \$0.8962 per hundred gallons.

Allowances for CS Water will be eliminated from AP's tariff.

**Pinecrest**

Customers will move to the same rates as Seasonal Customers.

(11) **Public Fire Service**

As proposed by the Company.

(12) **Scale Back**

The following rate divisions will be equalized with Main Division Rates as a result of this settlement as follows: Hedgerow HOA, Emlenton, Washington

Park Development, White Haven, Cove Village, Marienville/Applewood, and Paupacken Lake.

Residential, commercial and industrial classes percentage will be in accordance with Appendix A:

Private fire will receive the decrease proposed by the Company in its Direct Testimony.

**Allocation Of Revenues.** The percentage increases to each customer class under the Settlement Rates and a comparison of the class cost of service to class revenues under the Settlement Rates for each customer class are shown in Appendix B.

j. **Quality of Service**

- 1) AP will investigate whether the distribution line serving Ms. Yost's residence in Coal Township should be replaced, and if so, will ensure that this line is prioritized in its Coal Township distribution line replacement program.
- 2) AP will investigate to determine whether the fire hydrants being served by the distribution main also serving Ms. Yost flow at least 500 gpm at 20 psi. If that is not the case, AP will investigate whether fire flow can be provided at a reasonable cost prior to the next base rate filing.
- 3) AP will provide the OCA with written updates regarding the status of its construction projects contiguous to Wood Street in Hatboro every six months after the PUC order until its next base rate filing. AP will provide contact information in a letter to the customers at least 3 days prior to the start of the main cleaning and lining project. AP will expedite construction to the extent possible to conclude construction-related disturbances as soon as possible.
- 4) Regarding Country Club Estates, in addition to the action items discussed in AP rebuttal testimony, AP will ensure that storm water drainage along newly installed mains is returned to conditions as they existed prior to main replacement. For example, new main installations shall not produce swales or ditches allowing for the lateral flow of storm water along sod covered portions of the public right of way.
- 5) AP will provide the OCA with the results of its testing of the samples drawn from Ms. Dicton's home and sample and test Ms. Dicton's water

again within six months after Settlement approval. Within six months of settlement approval, AP will investigate whether iron and/or manganese levels exceed secondary mcls for sources serving Ms. Dicton. If secondary mcls are exceeded, AP will develop a treatment plan for those sources and implement that plan prior to the next base rate filing if it can be done at a reasonable and prudent cost.

**k. Automatic Adjustment Mechanisms**

AP agrees that it will withdraw the proposed energy cost adjustment and purchase water adjustment. The Parties agree that this withdrawal is without prejudice.

**l. Customer Assistance**

AP will match the current Helping Hand contribution donated directly by customers up to a total of \$50,000 over the next two years. AP will continue to promote awareness of the program to customers and local agencies for each county within the Company's service territory.

**m. Increased Usage Best Practices**

AP, in conjunction with interested parties, will explore the development of a best-practices customer usage monitoring and response water industry collaborative. In such collaborative, water utilities may exchange information on managing customer usage inconsistent with historic usage patterns for that customer. The collaborative will occur prior to December 31, 2012 and the results released within 6 months thereafter.

8. The Company, I&E, the OCA, and Aqua LUG have each prepared, and attached to this Joint Petition, Statements in Support identified as Appendices C, D, E, and F

respectively, made by the parties specifically to settle this case, setting forth the bases upon which they believe that the Settlement, including the Settlement Rates, is fair, just, reasonable, non-discriminatory, lawful and in the public interest.

9. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

a. The Settlement provides for an increase in annual operating revenues of \$16.7 million, or approximately 4.08%, in lieu of the \$38.6 million, or 9.4%, increase originally requested.

b. Acceptance of the Settlement will avoid the necessity of further administrative and possible appellate proceedings at substantial cost to the Joint Petitioners, the other parties, and the Company's customers.

c. The Settlement Rates will allocate the agreed upon revenue requirement to each customer class in a manner which is reasonable in light of the rate structure/cost of service positions of all parties.

d. The Company's agreement to a two-year stay-out from the filing date of this rate increase request, subject to the limited exceptions set forth in Paragraph No. 7.c., assures that, if AP's next general base rate water case were filed at the earliest permitted date and were fully litigated, the Settlement Rates would remain in effect for at least 26 months.

### **III. ADDITIONAL TERMS AND CONDITIONS**

10. This Settlement is proposed by the Joint Petitioners to settle the instant case and is made without any admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation, including further litigation of this case. This

Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within three business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including but not limited to presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

11. If the Administrative Law Judges, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the Administrative Law Judges in their Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judge Jones and Heep and the Commission approve the Settlement embodied in this Joint Petition, including all terms and conditions thereof;

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Company permission to file the Tariff Supplement attached hereto as Appendix A to become effective on one day's notice, which Tariff Supplement, *inter alia*, increases the Company's rates so as to produce an increase in annual operating revenues of \$16.7 million in lieu of the \$38.6 million originally requested and that produce approximately \$425.56 million in total annual water revenue (including Other Water Revenues) as shown in Appendix B, page 1, column 6;

3. That the Commission terminate its inquiry and investigation at Docket Nos.

R-2011-2267958 *et al.*, and mark the file closed.

BUREAU OF INVESTIGATION &  
ENFORCEMENT OF THE  
PENNSYLVANIA PUBLIC UTILITY  
COMMISSION:

By: \_\_\_\_\_

Carrie B. Wright  
Prosecutor For  
Johnnie E. Simms, Esquire  
Chief Prosecutor

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By: 

Thomas P. Gadsden  
Anthony C. Decusatis  
Brooke E. Leach  
Counsel For  
Aqua Pennsylvania, Inc.

OFFICE OF CONSUMER ADVOCATE:

By: \_\_\_\_\_

Dianne E. Dusman  
Senior Assistant Consumer Advocate  
Shaun A. Sparks  
Assistant Consumer Advocate  
For Irwin A. Popowsky  
Consumer Advocate

AQUA LARGE USERS GROUP:

By: \_\_\_\_\_

Charis Mincavage  
Adeolu A. Bakare  
Counsel For Aqua  
Large Users Group

DATED: April 20, 2012

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SECRETARY'S BUREAU



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BUREAU OF INVESTIGATION &  
ENFORCEMENT OF THE  
PENNSYLVANIA PUBLIC UTILITY  
COMMISSION:

By: Carrie B Wright

Carrie B. Wright  
Prosecutor For  
Johnnie E. Simms, Esquire  
Chief Prosecutor

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By: \_\_\_\_\_  
Thomas P. Gadsden  
Anthony C. Decusatis  
Brooke E. Leach  
Counsel For  
Aqua Pennsylvania, Inc.

OFFICE OF CONSUMER ADVOCATE:

By: \_\_\_\_\_  
Dianne E. Dushman  
Senior Assistant Consumer Advocate  
Shaun A. Sparks  
Assistant Consumer Advocate  
For Irwin A. Popowsky  
Consumer Advocate

AQUA LARGE USERS GROUP:

By: \_\_\_\_\_  
Charis Mincavage  
Adeolu A. Bakare  
Counsel For Aqua  
Large Users Group

DATED: April 19, 2012

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BUREAU OF INVESTIGATION &  
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COMMISSION:

By: \_\_\_\_\_

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Prosecutor For  
Johnnie E. Simms, Esquire  
Chief Prosecutor

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By: \_\_\_\_\_

Thomas P. Gadsden  
Anthony C. Decusatis  
Brooke E. Leach  
Counsel For  
Aqua Pennsylvania, Inc.

OFFICE OF CONSUMER ADVOCATE:

By:  \_\_\_\_\_

Dianne E. Dushman  
Senior Assistant Consumer Advocate  
Shaun A. Sparks  
Assistant Consumer Advocate  
For Irwin A. Popowsky  
Consumer Advocate

AQUA LARGE USERS GROUP:

By: \_\_\_\_\_

Charis Mincavage  
Adeolu A. Bakare  
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DATED: April 19, 2012

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BUREAU OF INVESTIGATION &  
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COMMISSION:

AQUA PENNSYLVANIA, INC.

By: \_\_\_\_\_

Carrie B. Wright  
Prosecutor For  
Johnnie E. Simms, Esquire  
Chief Prosecutor

By: \_\_\_\_\_

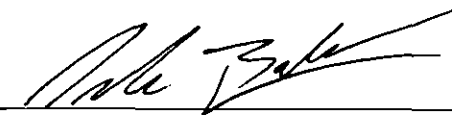
Thomas P. Gadsden  
Anthony C. Decusatis  
Brooke E. Leach  
Counsel For  
Aqua Pennsylvania, Inc.

OFFICE OF CONSUMER ADVOCATE:

AQUA LARGE USERS GROUP:

By: \_\_\_\_\_

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Senior Assistant Consumer Advocate  
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Consumer Advocate

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Charis Mincavage  
Adeolu A. Bakare  
Counsel For Aqua  
Large Users Group

**DATED:** April 19, 2012

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**LIST OF APPENDICES**

**APPENDIX A** ..... Proposed Tariff Supplement (Settlement Rates)  
**APPENDIX B** ..... Proof of Revenues  
**APPENDIX C** ..... AP Statement Of Position  
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**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**APPENDIX A**

**AQUA PROPOSED TARIFF SUPPLEMENT**

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APR 20 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

AQUA PENNSYLVANIA, INC.  
RATES AND RULES  
GOVERNING THE DISTRIBUTION  
OF  
WATER  
IN PORTIONS OF  
ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, CLARION, COLUMBIA, CRAWFORD,  
CUMBERLAND, DELAWARE, FOREST, JUNIATA, LACKAWANNA, LAWRENCE, LEHIGH,  
LUZERNE, MERCER, MONTGOMERY, MONROE, NORTHHAMPTON, NORTHUMBERLAND, PIKE,  
SCHUYLKILL, SUSQUEHANNA, SNYDER, VENANGO, WARREN, WAYNE AND WYOMING  
COUNTIES

ISSUED: June 7, 2012  
by  
NICHOLAS DeBENEDICTIS, Chairman  
762 Lancaster Avenue  
Bryn Mawr, Pennsylvania

Effective: June 8, 2012

**NOTICE**

**THIS TARIFF MAKES CHANGES, DECREASES AND INCREASES IN EXISTING  
RATES**

LIST OF CHANGES MADE BY THIS TARIFF

Increase:

This tariff proposes to increase water charges for General Metered Service and Fire Service in all existing rate divisions, with the exceptions of Sand Springs and Mifflin Townships Divisions. The unmetered service rates in Main Division have been increased (Tenth Revised Page No. 4). All public fire hydrant rates that were less than 25% of the cost of service were increased. Most private fire hydrant rates that were less than \$54.60 per month were increased. All metered and unmetered Commercial fire service rates were increased. All Residential multiple meter set rates were increased.

Changes:

Decreases: This tariff resets the Distribution System Improvement Charge (DSIC) to 0.2 (Forty Sixth Revised Page 20).

Decreases: The 1 ½ inch monthly meter customer charge for the Oakland Beach/Lakeside Acres Division has been decreased to \$89.90 (Seventh Revised Page 13).

Decreases: The monthly meter charges from the 1 ½ inch meters though the 10 inch meters have been decreased to Main Division rates in the Kratzerville Division (Eleventh Revised Page 17A).

Decreases: The Honesdale monthly meter charge for the 5/8 inch meter has been decreased to \$16.00 (Eleventh Revised Page 17C)

The following divisions have been consolidated into Main Division: Hedgerow, White Haven, Apple wood and Marienville, Emlenton, Cove Village, Washington Park and Paupacken Lake.

The Pinecrest Division has been consolidated with Fawn Lake, Tanglewood, Woodledge, Western, Thornhurst and Eagle Rock Divisions.

Rule 64: Replace the interest rate of short term debt with weighted cost of long term debt.

Supplement No. 121  
 To  
 Water-PA.P.U.C. No. 1  
 One Hundred Eleventh Revised Page No. 2  
 Canceling One Hundred Eleventh Revised Page No. 2

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Rates for Water Consumed-Bensalem Division	7	Tenth Revised
Fire Service-Bensalem Division	7A	Eleventh Revised
Metered Service – Chalfont Division	8	First Revised
Rates for Water Consumed – Chalfont Division	8	First Revised
Fire Service – Chalfont Division	8A	First Revised
This Page is Being Held for Future Use	9	First Revised
This Page is Being Held for Future Use	10	First Revised
This Page is Being Held for Future Use	11	Tenth Revised
This Page is Being Held for Future Use	11A	Tenth Revised
This Page is Being Held for Future Use	12	First Revised
Metered Service – Oakland Beach/Lakeside Acres	13	Seventh Revised
Rates for Water Consumed - Oakland Beach/Lakeside Acres	13	Seventh Revised
Fire Service - Oakland Beach/Lakeside Acres	13	Seventh Revised
Metered Service – CS Water	14	Ninth Revised
Rates for Water Consumed – CS Water	14	Ninth Revised
Fire Service – CS Water	14	Ninth Revised
Metered Service – Country Club Gardens	15	Tenth Revised
Rates for Water Consumed - Country Club Gardens	15	Tenth Revised
This Page is Being Held for Future Use	16	Seventh Revised
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Metered Service – Clarendon Water	17	First Revised
Rates for Water Consumed – Clarendon Water	17	First Revised
Metered Service – Kratzerville	17A	First Revised
Rates for Water Consumed - Kratzerville	17A	First Revised
Fire Service – Kratzerville	17B	First Revised
Metered Service – Honesdale	17C	Eleventh Revised
Rates for Water Consumed – Honesdale	17D	Eleventh Revised
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This Page is Being Held for Future Use	17G	Eleventh Revised
This Page is Being Held for Future Use	17H	First Revised



Aqua Pennsylvania, Inc.

Metered Service – Sand Springs	17I	Ninth Revised
Rates for Water Consumed – Sand Springs	17I	Ninth Revised
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Rates for Water Consumed – Mifflin Township	17K	Original
Fire Service – Mifflin Township	17K	Original
Industrial Standby Rate	18	Third Revised
Industrial Standby Rate	18A	Seventh Revised
Industrial Standby Rate	18B	Second Revised
Resale and Electric Generation Standby Rate	18C	Second Revised
Resale and Electric Generation Standby Rate	18D	Fifth Revised
Resale and Electric Generation Standby Rate	18E	Second Revised
Rider DIS - Demand Based Industrial Service	19	Third Revised
Rider DRS - Demand Based Resale Service	19A	Second Revised
Rider EGS - Electric Generation Service	19B	Second Revised
Rider OPI – Off Peak/Interruptible Service	19C	Second Revised
Rider OPI – Off Peak/Interruptible Service	19D	Second Revised
State Tax Surcharge / DSIC Applicable to All Rates	20	Forty-Sixth Revised
Distribution System Improvement Charge	20A	Third Revised
Distribution System Improvement Charge	20B	Third Revised
Distribution System Improvement Charge	20C	Third Revised
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Definitions	23	Eighth Revised
Definitions	24	Fifth Revised
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Bill Pay	27	Fourth Revised
Service Connections	28	Fourth Revised
Service Connections	29	Fifth Revised
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Main Extensions For Bona Fide Applicants	43	Sixth Revised
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Main Extensions For Bona Fide Applicants	45	Fourth Revised
Main Extensions and Services by Builder	46	Fifth Revised
Main Extensions and Services by Builder	47	Fifth Revised
Main Extensions and Services by Builder	48	Third Revised
Main Extensions and Services by Builder	49	Fourth Revised

Aqua Pennsylvania, Inc.

TERRITORY SERVED					
MAIN DIVISION TOWNSHIPS					
TOWNSHIP	COUNTY	TOWNSHIP	COUNTY	TOWNSHIP	COUNTY
Abington	Montgomery	Kingston	Luzerne	West Brunswick	Schuylkill
Aston	Delaware	Lackawanna	Mercer	West Goshen	Chester
Athens	Bradford	Lackawaxen	Pike	West Pikeland	Chester
Barret	Monroe	Lake	Luzerne	South Abington	Lackawanna
Barry	Schuylkill	Lake Township (C)	Wayne	South Middleton	Cumberland
Bensalem	Bucks	Lehigh	Lackawanna	S Whitehall (C)	Lehigh
Bear Creek	Luzerne	Lehman	Luzerne	Springfield	Montgomery
Bern	Berks	Madison	Lackawanna	Springfield	Delaware
Blooming Grove	Pike	Lehigh	Wayne	Texas	Wayne
Birmingham	Chester	Lower Macungie (C)	Lehigh	Thornbury	Chester
Brooklyn	Susquehanna	Lower Merion	Montgomery	Tinicum	Delaware
Butler	Luzerne	Lower Moreland	Montgomery	Tredyffrin	Chester
Butler	Schuylkill	L. Southampton	Bucks	Tunkhannock	Wyoming
Caln	Chester	Madison	Lackawanna (C)	Upper Darby	Delaware
Centre	Berks	Mahoning	Lawrence	Upper Dublin	Montgomery
Charlestown	Chester	Marion	Berks	Upper Merion	Montgomery
Cheltenham	Montgomery	Marple	Delaware	Upper Moreland	Montgomery
Coal	Northumberland	Middletown	Chester	U Providence	Montgomery
Conyngam	Schuylkill	Monroe	Cumberland	U Southampton	Bucks
Conyngam (Portion)	Luzerne	Monroe	Snyder	Upper Uwchlan	Chester
Coolspring	Mercer	Mt. Carmel	Schuylkill	Union	Berks
Covington	Lackawanna	Mt. Carmel	Northumberland	Union	Luzerne
Cumberland	Adams	Nether Providence	Delaware	U. Providence	Delaware
Cumru (portion)	Berks	Newlin	Chester	Westtown	Chester
Darby	Delaware	Newtown	Delaware	West Vincent	Chester
Delaware	Juniata	North Abington	Lackawanna	W. Whiteland	Chester
Dallas (C)	Luzerne	North Union	Schuylkill	Whitemarsh	Montgomery
Dennison (C)	Luzerne	Palmyra	Pike	Willistown	Chester
Easttown	Chester	Palmyra	Wayne	Wilmington	Mercer
East Brandywine	Chester	Paupack	Wayne	Wilmington	Lawrence
East Bradford	Chester	Penn	Snyder	Moore	Northampton
East Caln	Chester	Pennsbury	Chester	Mount Joy	Adams
East Goshen	Chester	Perkiomen	Montgomery	Zerbe	Northumberland
East Fallowfield	Chester	Plymouth	Montgomery		
East Lackawannok	Mercer	Pocopson	Chester		
East Marlborough	Chester	Pulaski	Lawrence		
East Nantmeal	Chester	Radnor	Delaware		
East Union	Schuylkill	Ralpho	Northumberland		
East Whiteland	Chester	Rice	Luzerne		
Edgemont	Delaware	Richland (C)	Vcnango		
Emlenton Borough (C)	Venango	Richland (C)	Clarion		
Exeter	Luzerne	Ridley	Delaware		
Findley	Mercer	Robeson	Berks		
Franklin	Chester	Roaring Brook	Lackawanna		
Glenburn	Lackawanna	Salisbury (C)	Lehigh		
Hamilton	Monroe	Shenango	Mercer		
Haverford	Delaware	Schuylkill	Chester		
Horsham	Montgomery	Shamokin	Northumberland		
Honey Brook	Chester	Solebury	Bucks		
Jackson	Luzerne	Uwchlan	Chester		
Jefferson	Mercer	Wallace	Chester		
Jefferson	Lackawanna	Washington	Wyoming		
Jenks	Forest	West Bradford	Chester		
Kidder (C)	Carbon	West Brandywine	Chester		

(C) Indicates Change

MAIN DIVISION BOROUGHES

<u>BOROUGH</u>	<u>COUNTY</u>	<u>BOROUGH</u>	<u>COUNTY</u>
Aldan	Delaware	Media	Delaware
Ashland	Schuylkill	Millbourne	Delaware
Athens	Bradford	Malvern	Chester
Bryn Athyn	Montgomery	Mercer	Mercer
Centralia	Columbia	Morton	Delaware
Chester Heights	Delaware	Moscow	Lackawanna
Clifton Heights	Delaware	Mount Carmel	Northumberland
Conshohocken	Montgomery	Narberth	Montgomery
Colwyn	Delaware	Norwood	Delaware
Collingdale	Delaware	Prospect Park	Delaware
Darby	Delaware	Ridley Park	Delaware
Deer Lake	Schuylkill	Rockledge	Montgomery
East Lansdowne	Delaware	Rose Valley	Delaware
Eddystone	Delaware	Rutledge	Delaware
Factoryville	Wyoming	Sayre	Bradford
Folcroft	Delaware	Sharon Hill	Delaware
Girardville	Schuylkill	South Waverly	Bradford
Glenolden	Delaware	Swarthmore	Delaware
Gordon	Schuylkill	West Chester	Chester
Hatboro	Montgomery	West Conshohocken	Montgomery
Hawley	Wayne	West Middlesex	Mercer
Honesdale	Wayne	Wheatland	Mercer
Hop Bottom	Susquehanna	White Haven (C)	Luzerne
Jenkintown	Montgomery	Yeadon	Delaware
Kulpmont	Northumberland		
Lansdowne	Delaware		
Marion Heights	Northumberland		

BRISTOL DIVISION BOROUGHES

<u>BOROUGH</u>	<u>COUNTY</u>
Bristol	Bucks

CHALFONT BOROUGHES

<u>BOROUGH</u>	<u>COUNTY</u>
Chalfont	Bucks
New Britain	Bucks

Aqua Pennsylvania, Inc.

MAIN DIVISION CITIES

<u>CITY</u>	<u>COUNTY</u>
Sharon	Mercer
Farrell	Mercer
Hermitage	Mercer
Shamokin	Northumberland

BRISTOL DIVISION TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Bristol	Bucks
Bensalem	Bucks

CHALFONT DIVISION TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
New Britain	Bucks

OAKLAND BEACH & LAKESIDE TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Sadsbury	Crawford
Summitt	Crawford

C S WATER TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Lackawaxen	Pike

CLARENDON DIVISION TOWNSHIPS

<u>TOWNSHIP/BORO</u>	<u>COUNTY</u>
Borough of Clarendon	Warren
Mead	Warren

SAND SPRINGS DIVISION

<u>TOWNSHIP</u>	<u>COUNTY</u>
Luzerne	Butler

KRATZERVILLE

<u>TOWNSHIPS</u>	<u>COUNTY</u>
Jackson	Snyder
Penn	Snyder

MIFFLIN TOWNSHIP DIVISION

<u>TOWNSHIP</u>	<u>COUNTY</u>
Mifflin	Columbia

EAGLE ROCK TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
East Union	Schuylkill
North Union	Schuylkill
Black Creek	Luzerne
Hazle	Luzerne

PINECREST DIVISION TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Tobyhanna	Monroe

STANTON TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
South Abington	Lackawann

Aqua Pennsylvania, Inc.

Supplement No. 119  
To  
Water-PA.P.U.C. No. 1  
Twenty Ninth Revised Page No. 3C  
Canceling Twenty Eighth Revised Page No.3C

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**SCHEDULE OF RATES**

Meter Service

<u>Customer Charge</u> (I)	
<u>Size of Meter</u>	<u>Monthly (\$)</u>
5/8 inch	16.00
¾ Inch	27.50
1 Inch	46.70
1-1/2 Inch	89.90
2 Inch	127.90
3 Inch	257.00
4 Inch	418.00
6 Inch	862.00
8 Inch	1,508.00
10 Inch	2,229.00

<u>Consumption Charges – Residential</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 2,000 gallons per month	\$9.071	per thousand gallons
For water consumed in excess of 2,000 gallons per month	\$10.352	per thousand gallons (I)
<u>Consumption Charges – Commercial &amp; Public</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 10,000 gallons per month	\$10.000	per thousand gallons
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month	\$6.668	per thousand gallons
(I) Indicates Increase		
(C) Indicates Change		
<u>Flat Rate Service - Unmetered</u>	\$54.85 (C)	per month

Aqua Pennsylvania, Inc.  
Main Division

SCHEDULE OF RATESMeter Service

<u>Consumption Charges – Industrial</u>		
Water consumed will be charged for at the following rates: For water consumed up to 10,000 gallons per month	\$10.000	per thousand gallons (I)
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month, up to 3,333,300 gallons per month	\$6.668	per thousand gallons (I)
For water consumed in excess of 3,333,300 gallons per month, up to 10,000,000 gallons per month	\$6.052	per thousand gallons (I)
For water used in excess of 10,000,000 gallons per month	\$4.842	per thousand gallons (I)
<u>Consumption Charges – Other Water Utilities</u>		
Water consumed will be charged for at the following rates: For all water consumed	\$8.833	per thousand gallons (I)
<u>Consumption Charges – Other Water Utilities (Shenango)</u>		
Water consumed will be charged at the following rates: For all water consumed	\$5.642	per thousand gallons (I)
<u>Consumption Charges – Tank Sales</u>		
All water shall be billed at the following rate	\$10.000	per thousand gallons (I)
<u>Consumption Charges – Masury</u>		
For all water consumed Note: There will be an escalation factor equivalent to CPI- Urban Philadelphia on the Masury rate beginning July 1, 2007 and every year thereafter. In addition, there is a \$862.00 6" monthly customer charge to be added to the Masury bill.	\$1.7060	per thousand gallons (I)
<u>SCI Forest County Prison</u>		
Per Month: Commercial/Public rates, based on the take-or-pay condition of: 1) metered consumption; or 2) 300,000 gallons per day, whichever is greater.		
<u>Consumption Charges – Other Utilities (Bristol)</u>		
Water consumed will be charged for at the following rates: For water consumed in excess of the minimum allowance	\$6.890	per thousand gallons (I)
(I) Indicates Increase		
(C) Indicates Change		

<b>SCHEDULE OF RATES</b>		
<b>Fire Service</b>		
	Rate Per Month (\$)	
<b>Fire Hydrants</b>		
For each public fire hydrant (Grandstaff Service Area)	22.00	(I)
For each public fire hydrant (Malvern Service Area)	22.00	
For each public fire hydrant (Schuylkill Service Area)	22.50	
For each public fire hydrant (LaReserve Service Area)	22.00	(I)
For each public fire hydrant (Hatboro & Tafton Service Area)	22.00	(I)
For each public fire hydrant (Susquehanna Service Area)	22.00	(I)
For each public fire hydrant (Flying Hills Service Area)	22.00	(I)
For each public fire hydrant (B&E, Locust Knoll, Bradford Glen, Little Washington Service Areas)	29.06	
For each public fire hydrant (Uwchlan, W. Whiteland Service Area)	22.00	(I)
For each public fire hydrant (Outside West Chester Borough-Existing Hydrant)	22.92	
For each public fire hydrant (Outside West Chester Borough-New or Replacement)	25.25	
For each public fire hydrant (Media Service Area = > 6" connection)	42.25	
For each public fire hydrant (Media Service Area < 6" connection, or any new or replacement hydrants = > 6" connection)	25.25	
For each public fire hydrant (Shenango Service Area = > 6")	22.00	(I)
For each public fire hydrant (Shenango Service Area < 6")	22.00	(I)
For each public fire hydrant (Hawley, Monroe Manor, Rolling Green, Waymart Service Area)	22.00	(I)
For each public fire hydrant (Ariana, Shickshinny Lake & White Rock)	22.00	(I)
For each public fire hydrant (Outside Bristol Township)	19.00	(I)
For each public fire hydrant (Inside Bristol Township)	25.25	
For each public fire hydrant (Roaring Creek)	22.00	(I)
For each public fire hydrant (Midway Manor Service Area)	22.00	(I)
For each public fire hydrant (White Haven Service Area)	22.00	(I)
For each public fire hydrant	25.25	
For each private fire hydrant	54.60	
For each private fire hydrant (Hawley Service Area)	54.60	
For each private fire hydrant (Waymart Service Area)	46.20	
For each qualified private fire hydrant	25.25	
For each private fire hydrant (Ariana, Shickshinny Lake, White Rock & Woodloch Pines Service Area)	26.40	
For each private fire hydrant (Links at Gettysburg)	54.60	

Note: All new public fire hydrants from the date of this tariff onward will be billed at the monthly rate of \$22.00, which represents approximately 25% of the cost of providing service to the Township or Municipality, except those whose rates are currently lower than \$22.00 per month. (I)

(I) Indicates Increase



Main Divisions

Metered Fire Service				Monthly (\$)	
For 1" connection				5.60	
For 1-1/2" connection				12.80	
For 2" connection				31.70	
For 3" connection				51.50	
For 4" connection				87.20	
For 6" connection				192.00	
For 8" connection				335.00	
For 10" connection				510.00	
For 10" connection (Hatboro Area Only)				510.00	
For 12" connection				1,413.00	
Water Allowance				0	
Rate per thousand gallons				\$10.000	(I)
Residential Multiple Meter Service					(I)
Domestic Meter	Fire Meter		Minimum Charge Monthly (\$)	Allowance Monthly	
5/8"	3/4"		18.21	0	(I)
5/8"	1"		18.56	0	(I)
5/8"	1-1/2"		21.89	0	(I)
5/8"	2"		24.00	0	(I)
3/4"	1"		30.06	0	(I)
3/4"	1-1/2"		33.39	0	(I)
3/4"	2"		35.50	0	(I)
1"	1"		49.26	0	(I)
1"	1-1/2"		52.59	0	(I)
1"	2"		54.70	0	(I)
1 1/2"	1"		91.96	0	(I)
1 1/2"	1 1/2"		95.29	0	(I)
1 1/2"	2"		97.40	0	(I)
2"	1-1/2"		130.79	0	(I)
2"	2"		132.90	0	(I)

Water usage will be the consumption registered on both meters and will be billed at the residential metered water rates

(I) Indicates Increase

Aqua Pennsylvania, Inc.

Supplement No. 121  
to  
Water-PA. P.U.C. No. 1  
Tenth Revised Page No. 5A  
~~Canceling Ninth Revised Page No. 5A~~

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Aqua Pennsylvania, Inc.  
Eagle Rock, Fawn Lake, Tanglewood, Thornhurst,  
Woodledge Village, Western & Pinecrest Divisions

Water-PA.P.U.C. No. 1  
Eighth Revised Page No. 6  
Canceling Seventh Revised Page No. 6

SCHEDULE OF RATES

Meter Service

Customer Charge <span style="float: right;">(I)</span>	
Size of Meter	Monthly (\$)
5/8 inch	26.00
¾ Inch	26.00
1 Inch	46.70
1-1/2 Inch	89.90
2 Inch	127.90
3 Inch	257.00
4 Inch	418.00
6 Inch	862.00
8 Inch	1,508.00
10 Inch	2,229.00

<u>Consumption Charges – Residential</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 4,000 gallons per month	\$7.212	per thousand gallons
For water consumed in excess of 4,000 gallons per month	\$10.352	(I) per thousand gallons
<u>Consumption Charges – Commercial &amp; Public</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 10,000 gallons per month	\$10.000	per thousand gallons
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month	\$6.668	per thousand gallons (I)

(I)      **Indicates Increase**

Aqua Pennsylvania, Inc.  
Eagle Rock, Fawn Lake, Tanglewood, Thornhurst  
Woodledge Village Western & Pinecrest Divisions

Water-PA. P.U.C. No. 1  
Seventh Revised Page No. 6A  
Canceling Sixth Revised Page No. 6A

SCHEDULE OF RATESMeter Service

<u>Consumption Charges – Industrial</u>		(I)
Water consumed will be charged for at the following rates: For water consumed up to 10,000 gallons per month	\$10.000	per thousand gallons
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month, up to 3,333,300 gallons per month	\$6.668	per thousand gallons (I)
For water consumed in excess of 3,333,300 gallons per month, up to 10,000,000 gallons per month	\$6.052	per thousand gallons (I)
For water used in excess of 10,000,000 gallons per month	\$4.842	per thousand gallons (I)
<u>Consumption Charges – Other Water Utilities</u> Water consumed will be charged for at the following rates: For all water consumed	\$8.833	(I) per thousand gallons
<u>Woodloch Pines, Inc. Rates</u>		
In accordance with the terms of a contract between Fawn Lake Forest Water Company (predecessor to PSW) and Woodloch Pines, Inc. dated December 18, 2000, as amended on August 13, 2003 and a settlement reached at Docket No. R-00027986, Woodloch Pines, Inc. will pay the greater of: 1) the take or pay monthly minimum of \$4,800 for the first 1,200,000 gallons with any additional usage billed at the rate of \$4.00 per thousand gallons, or 2) the applicable tariff rate for Industrial customers in the Fawn Lake division.		
<u>Woodloch Pines, Inc. Sewer Rates</u> Immediately upon acquisition, AP will begin charging the Pines a rate of \$190,000 per year, payable in monthly installments. This rate will stay in effect for three years and then increase by 3.0% per year unless AP connects the Pines system with the Woodloch Springs sewer plant.		
(I) <b>Indicates Increase</b>		

<u>SCHEDULE OF RATES</u>		
<u>Fire Service</u>		
	<u>Rate Per</u> <u>Month (\$)</u>	
<u>Fire Hydrants</u>		
For each public fire hydrant (Fawn Lake, Woodledge Village Divisions)	22.00	(I)
For each public fire hydrant (Tanglewood & Western Divisions)	25.25	
For each private fire hydrant (Fawn Lake, Woodledge Village Divisions)	26.40	(I)
For each private fire hydrant (Tanglewood & Western Divisions)	54.60	
For each private fire hydrant (Eagle Rock)	19.80	(I)
Note: All new public fire hydrants from the date of this tariff onward will be billed at the monthly rate of \$22.00, which represents approximately 25% of the cost of providing service to the Township or Municipality, except those whose rates are currently below \$22.00 per month.		
		(I)
<u>Metered Fire Service</u>	<u>Monthly (\$)</u>	
For 1" connection	5.60	
For 1-1/2" connection	12.80	
For 2" connection	31.70	
For 3" connection	51.50	
For 4" connection	87.20	
For 6" connection	192.00	
For 8" connection	335.00	
For 10" connection	510.00	
For 12" connection	1,413.00	
Water Allowance	0	
Rate per thousand gallons	\$10.000	(I)

(I) Indicates Increase

**SCHEDULE OF RATES**

**Meter Service**

(I)	
Customer Charge	
Size of Meter	Monthly (\$)
5/8 inch	16.00
¾ Inch	27.50
1 Inch	46.70
1-1/2 Inch	89.90
2 Inch	127.90
3 Inch	257.00
4 Inch	418.00
6 Inch	862.00
8 Inch	1,508.00
10 Inch	2,229.00

<b>Consumption Charges – All Residential Customers</b> Water consumed will be charged for at the following rates: For all water consumed.	\$8.800	per thousand gallons (I)
<b>Consumption Charges – All Commercial &amp; Public Customers</b> Water consumed will be charged for at the following rates: For water consumed up to 10,000 gallons per month.	\$8.800	per thousand gallons (I)
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month.	\$8.800	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month,	\$6.668	per thousand gallons (I)
<b>Consumption Charges – All Industrial Customers</b> Water consumed will be charged for at the following rates: For water consumed up to 10,000 gallons per month.	\$8.800	per thousand gallons (I)
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month.	\$8.800	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month, up to 3,333,300 gallons per month	\$6.668	per thousand gallons (I)
For water consumed in excess of 3,333,300 gallons per month, up to 10,000,000 gallons per month	\$6.052	per thousand gallons (I)
For water used in excess of 10,000,000 gallons per month	\$4.842	
<b>Consumption Charges – Other Water Utilities</b> Water consumed will be charged for at the following rates: For all water consumed	\$8.833	per thousand gallons

(I) Indicates Increase  
(C) Indicates Change

SCHEDULE OF RATES

Fire Service

		Rate Per Month (\$)		
<b>Fire Hydrants</b>		<b>(I)</b>		
For each public fire hydrant		\$14.73		
For each private fire hydrant		\$48.00		
<b>Metered or Unmetered Fire Service</b>		<b>(I)</b>		
1"		5.60		
1 1/2"		12.80		
2"		31.70		
3"		51.50		
4"		67.90		
6"		120.00		
8"		180.00		
10"		260.00		
12"		1,413.00		
Water Allowance		0		
Rate per thousand gallons (metered service only)		\$8.800 (I)		
Residential Multiple Meter Service		(I)		
Domestic Meter	Fire Meter	Minimum Charge Monthly (\$)	Allowance Monthly	
5/8"	3/4"	18.21	0	(I)
5/8"	1"	18.56	0	(I)
5/8"	1-1/2"	21.89	0	(I)
5/8"	2"	24.00	0	(I)
3/4"	1"	30.06	0	(I)
3/4"	1-1/2"	33.39	0	(I)
3/4"	2"	35.50	0	(I)
1"	1"	49.26	0	(I)
1"	1-1/2"	52.59	0	(I)
1"	2"	54.70	0	(I)
1 1/2"	1"	91.96	0	(I)
1 1/2"	1 1/2"	95.29	0	(I)
1 1/2"	2"	97.40	0	(I)
2"	1-1/2"	130.79	0	(I)
2"	2"	132.90	0	(I)

Water usage will be the consumption registered on both meters and will be billed at the residential metered water consumption rates.

**(I) Indicates Increase**

Schedule of Rates

Meter Service

<u>Size of Meter</u>	<u>Customer Charge Monthly (\$) (I)</u>
5/8 inch	15.00
¾ inch	15.00
1 inch	21.40
1 ½ inch	35.50
2 inch	71.00
3 inch	213.10
4 inch	227.50
6 inch	356.50

<u>Consumption Charges – Residential</u> Water consumed will be charged for at the following rates: For all water consumed	\$7.100	(I) per thousand gallons
<u>Consumption Charges – Commercial &amp; Public</u> Water consumed will be charged for at the following rates: For all water consumed	\$7.100	(I) per thousand gallons
<u>Consumption Charges – Industrial &amp; Other Utilities</u> Water consumed will be charged for at the following rates: For all water consumed	\$7.100	(I) per thousand gallons

Note: There are no current fire protection customers. Main Division rates will apply to any new fire protection accounts.

**(I) Indicates Increase**



<u>SCHEDULE OF RATES</u>		
<u>Fire Service</u>		
	<u>Rate Per</u> <u>Month (\$)</u>	
<u>Fire Hydrants</u>		
For each private fire hydrant	\$54.60	
For each existing public fire hydrant at closing	\$19.00	(I)
For each public fire hydrant	\$25.25	
Note: All new public fire hydrants from the date of this tariff onward will be billed at the monthly rate of \$22.00, which represents approximately 25% of the cost of providing service to the Township or Municipality, except those whose rates are currently below \$22.00 per month.		(I)
<u>Metered &amp; Unmetered Fire Service</u>		
For 1" connection	\$5.60	
For 1-1/2" connection	\$12.80	
For 2" connection	\$31.70	
For 3" connection	\$51.50	
For 4" connection	\$87.20	
For 6" connection	\$192.00	
For 8" connection	\$335.00	(I)
For 10" connection	\$510.00	
For 12" connection	\$1,413.00	
Water Allowance	0	
Rate per thousand gallons	\$10.000	

(I) Indicates Increase

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Aqua Pennsylvania, Inc.  
Oakland Beach/Lakeside Acres Division

Schedule of Rates  
Metered Rates

Customer Charge (I)	
Size of Meter	Monthly (\$)
5/8 inch	23.50
¾ Inch	23.50
1 Inch	46.70
1-1/2 Inch	89.90 (D)
2 Inch	127.90
3 Inch	257.00
4 Inch	418.00
6 Inch	862.00
8 Inch	1,508.00
10 Inch	2,229.00

<b>Consumption Charges – Residential</b>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 4,000 gallons per month	\$7.212	per thousand gallons
For water consumed in excess of 4,000 gallons per month	\$8.962	per thousand gallons (I)
<b>Consumption Charges – Commercial &amp; Public</b>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 10,000 gallons per month	\$10.000	per thousand gallons
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month	\$6.668	per thousand gallons (I)
<b>Consumption Charges – All Industrial Customers</b>	\$10.000	per thousand gallons (I)
Water consumed will be charged for at the following rates:		
For water consumed up to 10,000 gallons per month.		
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month.	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month, up to 3,333,300 gallons per month	\$6.668	per thousand gallons (I)
For water consumed in excess of 3,333,300 gallons per month, up to 10,000,000 gallons per month	\$6.052	per thousand gallons (I)
For water used in excess of 10,000,000 gallons per month	\$4.842	per thousand gallons (I)

**Fire Service Rates**

Each public fire hydrant	\$22.00 (I)	per month
Each qualified private fire hydrant	\$25.25	per month
Each private fire hydrant	\$30.80 (I)	per month

Metered Fire	
Meter Size	Monthly (\$)
1 Inch	5.60
1-1/2 Inch	12.80
2 Inch	31.70
3 Inch	51.50
4 Inch	87.20
6 Inch	192.00
8 Inch	335.00
10 Inch	510.00
12 Inch	1,413.00

Rate per thousand gallons - \$10.000 (I)

(I) Indicates Increase

Schedule of Rates

<u>Customer Charge</u> (I)	
<u>Size of Meter</u>	<u>Monthly (\$)</u>
5/8 inch	26.00
¾ Inch	26.00
1 Inch	46.70
1-1/2 Inch	89.90
2 Inch	127.90
3 Inch	257.00
4 Inch	418.00
6 Inch	862.00
8 Inch	1,508.00
10 Inch	2,229.00

<u>Consumption Charges – Residential</u>		(I)
Water consumed will be charged for at the following rates:		
From minimum allowance to 4,000 gallons	\$4.800	per thousand gallons
For water consumed in excess of 4,000 gallons per month	\$8.962	per thousand gallons (I)
<u>Consumption Charges – Commercial, Industrial and Public</u>		(I)
Water consumed will be charged for at the following rates:		
First 10,000 gallons per month	\$10.000	per thousand gallons
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$8.785	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.288	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month	\$6.668	per thousand gallons (I)

Fire Service Rates

Each private fire hydrant	\$26.40	per month (I)
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Note: All new public fire hydrants from the date of this tariff onward will be billed at the monthly rate of \$22.00, which represents approximately 25% of the cost of providing service to the Township or Municipality, except those whose rates are currently below \$22.00 per month.

Currently there is no fire protection service in the CS Water Division. If fire protection service is provided in the future, the Fawn Lake fire rates will apply.

(I) Indicates Increase



Schedule of RatesMetered Rates

<u>Customer Charge</u> (I)	
<u>Size of Meter</u>	<u>Monthly (\$)</u>
5/8 inch	15.00
¾ Inch	15.00
1 Inch	30.00
1-1/2 Inch	50.00
2 Inch	70.00
3 Inch	133.34
4 Inch	211.66
6 Inch	428.34
8 Inch	741.66
10 Inch	1,093.34

<u>Consumption Charges – Residential</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 2,000 gallons per month	\$5.000	per thousand gallons
For water consumed in excess of 2,000 gallons per month	\$6.000	per thousand gallons (I)
<u>Consumption Charges – Commercial, Public and Industrial</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 10,000 gallons per month	\$7.000	per thousand gallons

There are no fire protection customers presently in this division. New fire protection accounts should receive Main Division rates.

(I) Indicates Increase

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SCHEDULE OF RATES

Metered Service

Customer Charge (I)	
Size of Meter	Monthly (\$)
5/8 inch	16.00
3/4 inch	27.50
1 Inch	40.00
1-1/2 Inch	40.00
2 Inch	40.00
3 Inch	70.00
4 Inch	418.00
6 Inch	862.00
8 Inch	1,508.00
10 Inch	2,229.00

<u>Consumption Charges – Residential</u>		
Water consumed will be charged for at the following rates:		
For water consumed up to 2,000 gallons per month	\$7.208	per thousand gallons (I)
For water consumed in excess of 2,000 gallons per month	\$8.208	per thousand gallons (I)
<u>Consumption Charges – Commercial &amp; Public</u>		
Water consumed will be charged for at the following rates:		
For water consumed up to 10,000 gallons per month	\$7.208	per thousand gallons (I)
For water consumed in excess of 10,000 gallons per month, up to 33,300 gallons per month	\$7.208	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$7.208	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month up to 3,333,300 gallons per month	\$6.668	per thousand gallons (I)

Fire Service

There are no fire protection customers presently in this division. New fire protection accounts should receive Main Division rates.

(I) Indicates Increase

SCHEDULE OF RATES

<u>Customer Charge (I)</u>	
<u>Size of Meter</u>	<u>Monthly (\$)</u>
5/8 inch	16.00 (I)
3/4 inch	27.50
1 Inch	46.70
1-1/2 Inch	89.90 (D)
2 Inch	127.90 (D)
3 Inch	257.00 (D)
4 Inch	418.00 (D)
6 Inch	862.00 (D)
8 Inch	1,508.00 (D)
10 Inch	2,229.00 (D)

<u>Consumption Charges – Residential</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 2,000 gallons per month	\$8.000	per thousand gallons
For water consumed in excess of 2,000 gallons per month	\$8.000	per thousand gallons (I)
<u>Consumption Charges – Commercial &amp; Public</u>		(I)
Water consumed will be charged for at the following rates:		
For water consumed up to 8,000 gallons per month	\$8.000	per thousand gallons
For water consumed in excess of 8,000 gallons per month, up to 33,300 gallons per month	\$8.000	per thousand gallons (I)
For water consumed in excess of 33,300 gallons per month, up to 333,300 gallons per month	\$8.000	per thousand gallons (I)
For water consumed in excess of 333,300 gallons per month up to 3,333,300 gallons per month	\$8.000	per thousand gallons (I)
For water consumed in excess of 3,333,300 gallons per month up to 10,000,000 gallons per month	\$8.000	per thousand gallons (I)
For water consumed in excess of 10,000,000 gallons per month	\$8.000	per thousand gallons (I)

(I) Indicates increase  
(D) Indicates decrease

**SCHEDULE OF RATES**

**Fire Service**

	Rate Per Month	
<u>Fire Hydrants</u>		
For each public fire hydrant (Jackson Township)	\$19.00 (I)	

There are no fire protection customers presently in this division. New fire protection accounts should receive Main Division rates.

**(I) Indicates increase**

**SCHEDULE OF RATES**

<u>Size of Meter</u>	<u>Monthly (\$) (I)</u>
5/8 inch	16.00 (D)
3/4 inch	27.50
1 Inch	46.70
1-1/2 Inch	89.90
2 Inch	127.90
3 Inch	257.00
4 Inch	418.00
6 Inch	862.00

<u>Consumption Charges – Residential</u> Water consumed will be charged for at the following rates: Allowance up to 2,000 gallons per month	\$7.980	per thousand gallons (I)
For water consumed in excess of 2,000 gallons per month	\$7.980	per thousand gallons (I)
<u>Consumption Charges – Commercial &amp; Public</u> Water consumed will be charged for at the following rates: Allowance up to 10,000 gallons per month	\$8.833	per thousand gallons (I)
For water consumed in excess of 10,000 gallons per month, up to 33,333 gallons per month	\$7.760	per thousand gallons (I)
For water consumed in excess of 33,333 gallons per month, up to 333,333 gallons per month	\$4.000	per thousand gallons (I)
For water consumed in excess of 333,333 gallons per month	\$3.000	per thousand gallons (I)
<u>Consumption Charges – Industrial &amp; Public</u> Water consumed will be charged for at the following rates: Allowance up to 10,000 gallons per month	\$8.833	per thousand gallons (I)
For water consumed from 10,000 gallons per month to 33,333 gallons per month	\$7.760	per thousand gallons (I)
For water consumed in excess of 33,333 gallons per month, up to 333,333 gallons per month	\$4.000	per thousand gallons (I)
For water consumed in excess of 333,333 gallons per month	\$3.000	

(I) Indicates increase

(D) Indicates decrease

Fire Protection Rates

Each public fire hydrant	\$22.00	per month (I)
Each private fire hydrant	\$30.60	per month (I)

<u>Metered Fire</u>	
<u>Size of Meter</u>	<u>Monthly (\$)</u>
1 Inch	5.60
1-1/2 Inch	12.80
2 Inch	31.70
3 Inch	51.50
4 Inch	67.90
6 Inch	120.00
8 Inch	180.00
10 Inch	510.00
12 Inch	1,413.00

Rate per thousand gallons \$8.833

(I) Indicates Increases



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Sand Springs Division

Supplement No. 116

to

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SCHEDULE OF RATES

Sand Springs Division

	<u>Rate Per Month / EDU</u>
Residential Customer Charge:	\$16.25
Commercial Customer Charge:	\$65.00

Consumption Charges for all customers:

\$6.00 per 1,000 gallons

<u>SCHEDULE OF RATES</u> <u>SAND SPRINGS DIVISION</u> <u>Fire Service</u>		
	<u>Rate Per Month</u>	
<u>Fire Hydrants</u>		
For each public fire hydrant	\$16.20	
For each private fire hydrant	\$24.00	

Aqua Pennsylvania, Inc.

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SCHEDULE OF RATES

Quarterly Customer Rates – Residential, Commercial, Industrial, Public, Metered and Unmetered Fire Service Customers

0 – 6,000 gallons	\$84.00
6,001 - 9,000 gallons	\$99.00
9,001 – 20,000 gallons	\$100.00, plus \$3.50/thousand gallons for consumption between 9,001 – 20,000 gallons
Over 20,000 gallons	\$125.00, plus \$4.50/thousand gallons for consumption in excess of 20,000 gallons

Monthly Customer Rates – Residential, Commercial, Industrial, Public, Metered and Unmetered Fire Service Customers

0 – 2,000 gallons	\$28.00
2,001 -3,000 gallons	\$33.00
3,001 – 6,667 gallons	\$33.33, plus \$3.50/thousand gallons for consumption between 3,001 – 6,667 gallons
Over 6,667 gallons	\$41.67, plus \$4.50/thousand gallons for consumption in excess of 6,667 gallons

Monthly Public Fire Hydrant Rates

\$2.19 per fire hydrant	
\$4.37 per fire hydrant	Effective on and after April 2, 2013
\$6.55 per fire hydrant	Effective on and after April 2, 2014
\$8.73 per fire hydrant	Effective on and after April 2, 2015
\$10.91 per fire hydrant	Effective on and after April 2, 2016

## INDUSTRIAL STANDBY RATE

### APPLICABILITY

This rate applies throughout the territory served under this tariff.

### AVAILABILITY

This rate is available to a new industrial customer that has an alternative supply source or an existing industrial customer that purchases water from the Company and develops or obtains a new source of supply. In order to obtain service under this rate, the customer must execute a Service Agreement with the Company for a period of not less than two years.

An alternative source of supply for a new customer or a new source of supply for an existing customer, for purposes of this tariff, means any external or internal source of water supply other than the Company, including expansion of, or additions to, an existing source of water supply, that has capacity available to supply the customer with at least 100,000 gallons per day of water on average and, in the case of an existing customer, was added after the effective date of Supplement 21 to Tariff Water Pa. P.U.C. No. 16 (January 3, 2000).

### NOMINATION OF STANDBY SERVICE

The Service agreement with the Company will identify the nature and amount of the customer's requirements for Standby Service. Standby Service will be available on a firm basis, an interruptible basis or combinations thereof.

The amounts of Standby Service to be nominated are the customer's requirements to meet Average Day Demand, Maximum Day Demand and Maximum Hour Demand. The sum of the customer's nominated firm and interruptible Maximum Day alternative supply or the existing customer's new source of supply or such other reasonable amount agreed to by the Company and the customer.

### RATE

#### Service Charge

The monthly Service Charges under this rate schedule will be the same as those set forth on the Schedule of Rates Applicable to PSW Main Division for the Industrial rate classification.



INDUSTRIAL STANDBY RATE CONTINUED

Demand Charges

The monthly Demand Charges under this rate schedule will be applied to the customer's nominated firm and interruptible standby demands in hundred gallons as set forth in the Service Agreement and are as follows:

	<u>Firm Standby Service</u>	<u>Interruptible Standby Service</u>
Average Day Demand	10.8601	2.0658
Maximum Day Demand	1.3260	0.3320
Maximum Hour Demand	21.9230	2.3868

Consumption Charges

In addition to the Service Charges and the Demand Charges, Consumption Charges will be rendered for all water delivered during the standby event in accordance with the following schedule:

Up to Average Daily Deliveries by Company during the seven days preceding the beginning of the standby event multiplied by the days during the standby event	PSW Main Division Industrial Rates
Next gallons – Firm Average Day Demand Nomination multiplied by the days during The standby event	0.0709 per hundred gallons
Next gallons – Interruptible Average Day Demand Nomination multiplied by the days during the standby event	0.5377 per hundred gallons
All amounts above sum of previously described amounts	PSW Main Division Industrial First Block

TERMS AND CONDITIONS

Initial Notification of Company. Each customer that develops or obtains a new source of supply and retains a connection to the Company's system becomes a Standby Service customer and shall notify the Company within 10 (10) days of so doing. The notification shall include the Maximum Day capacity of the source of supply and the customer's nominations of firm and interruptible standby demand requirements. The customer shall within thirty (30) days of developing or obtaining such new source of supply enter into a Service Agreement with the Company for Standby Service.

Each customer that is taking service under a Standby Service Agreement and increases the capacity of its source of supply shall be subject to the same notification requirements with respect to the additional capacity.

INDUSTRIAL STANDBY RATE CONTINUED

**Notification of Standby Event.** When a customer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative designated in the Service Agreement as soon as practical. The customer shall advise the Company representative of the probable daily quantities and the expected duration of the standby event. The customer also shall provide the Company with a notarized affidavit within thirty (30) days of the beginning of the standby event that describes the cause of the interruption of the customer's alternative supply. When the customer no longer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative. The time between these two notifications shall constitute the duration of the standby event.

**Use in Excess of Contractual Demands.** If and when the actual amounts of Standby Service Demands exceed the nominated amounts set forth in the Service Agreement, the actual demands shall become the nominated demands for the remainder of the term of the Service Agreement. Further, the customer will be billed an additional charge equal to the difference between the actual demand and previously nominated demand multiplied by the applicable demand charge and the number of months since the beginning of the term of the Service Agreement.

**Metering Equipment.** The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement Standby Service and to monitor the customer's compliance with its terms and conditions.

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RESALE AND ELECTRIC GENERATION STANDBY RATE

**APPLICABILITY**

This rate applies throughout the territory served under this tariff.

**AVAILABILITY**

This rate is available to a new customer that has an alternative supply or an existing customer that develops or obtains a new source of supply. To obtain service under this rate, the customer must purchase water from the Company for resale or electric generation purposes and execute a Service Agreement with the Company for a period of not less than ten years.

An alternative source of supply for a new customer or a new source of supply for an existing customer, for purposes of this tariff, means any external or internal source of water supply other than the Company, including expansion of, or additions to, an existing source of water supply, that has capacity available to supply the customer with at least 100,000 gallons per day of water on average and, in the case of an existing customer, was added after the effective date of Supplement 21 to Tariff Water Pa. P.U.C. No. 16 (January 3, 2000).

**NOMINATION OF STANDBY SERVICE**

The Service Agreement with the Company will identify the nature and amount of the customer's requirements for Standby Service. Standby Service will be available on a firm basis.

The amounts of Standby Service to be nominated are the customer's requirements to meet Average Day Demand, Maximum Day Demand and Maximum Hour Demand. The customer's nominated firm Maximum Day Demand shall be equal to the maximum day capacity of the new customer's alternative supply or the existing customer's new source of supply or such other reasonable amount agreed to by the Company and the customer.

**RATE**

**Service Charge**

The monthly Service Charges under this rate schedule will be the same as those set forth on the schedule of Rates Applicable to PSW Main Division for the customer's rate classification.

## RESALE AND ELECTRIC GENERATION STANDBY RATE CONTINUED

**Demand Charges**

The monthly Demand Charges under this rate schedule will be applied to the customer's nominated firm standby demands in hundred gallons as set forth in the Service Agreement and are as follows:

Firm Standby Service

Average Day Demand	10.8601
Maximum Day Demand	1.3260
Maximum Hour Demand	21.9230

**Consumption Charges**

In addition to the Service Charge and the Demand Charges, Consumption Charges will be rendered for all water delivered during the standby event in accordance with the following schedule:

Up to Average Daily Deliveries by Company during the seven days preceding the beginning of the standby event multiplied by the days during the standby event

Applicable PSW Main Division Rates

Next gallons -- Firm Average Day Demand nomination multiplied by the days during the standby event

0.0709 per hundred gallons

All amounts above sum of previously described amounts

Applicable PSW Main Division First Block

**TERMS AND CONDITIONS**

**Initial Notification of Company.** Each customer that develops or obtains a new source of supply and retains a connection to the Company's system becomes a Standby Service customer and shall notify the Company within ten (10) days of so doing. The notification shall include the Maximum Day capacity of the source of supply and the customer's nomination of firm standby demand requirements. The customer shall within thirty (30) days of developing or obtaining such new source of supply enter into a Service Agreement with the Company for Standby Service.

Each customer that is taking service under a Standby Service Agreement and increases the capacity of its source of supply shall be subject to the same notification requirements with respect to the additional capacity.

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RESALE AND ELECTRIC GENERATION STANDBY RATE CONTINUED

**Notification of Standby Event.** When a customer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative designated in the Service Agreement as soon as practical. The customer shall advise the Company representative of the probable daily quantities and the expected duration of the standby event. The customer also shall provide the Company with a notarized affidavit within thirty (30) days of the beginning of the standby event that describes the cause of the interruption of the customer's alternative supply. When the customer no longer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative. The time between these two notifications shall constitute the duration of the standby event.

**Use in Excess of Contractual Demands.** If and when the actual amounts of Standby Service Demands exceed the nominated amounts set forth in the Service Agreement, the actual demands shall become the nominated demands for the remainder of the term of the Service Agreement. Further, the customer will be billed an additional charge equal to the difference between the actual demand and previously nominated demand multiplied by the applicable demand charge and the number of months since the beginning of the term of the Service Agreement.

**Metering Equipment.** The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement Standby Service and to monitor the customer's compliance with its terms and conditions.

RIDER DIS - DEMAND-BASED INDUSTRIAL SERVICE

Applicability.

Throughout the territory served under this tariff.

Availability.

This rider is available to a customer or prospective customer that:

- (1) purchases or intends to purchase water from the Company for industrial purposes;
- (2) enters into a Service Agreement for a term of not less than 2 years
- (3) during the original and any renewal terms of the Service Agreement, agrees to purchase a minimum of 10 million gallons of water per month at a daily load factor of not less than 0.60; and
- (4) has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

Rate.

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

**Maximum Rate:** The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

**Minimum Rate:** The minimum rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

**Escalation Clause:** The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and /or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

**Filing With The Pennsylvania Public Utility Commission/Confidentiality:** Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

RIDER DRS - DEMAND-BASED RESALE SERVICE

Applicability.

Throughout the territory served under this tariff.

Availability.

This rider is available to a customer or prospective customer that:

- (1) Purchases or intends to purchase water from the Company for resale;
- (2) enters into a Service Agreement for a term of not less than 10 years
- (3) during the original and any renewal terms of the Service Agreement, agrees to maintain a daily load factor of not less than 0.6; and
- (4) has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers:

The Company shall require documentation to establish, to the Company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

Rate.

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

**Maximum Rate:** The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

**Minimum Rate:** The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

**Escalation Clause:** The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

**Filing with the Pennsylvania Public Utility Commission/Confidentiality:** Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

RIDER EGS - ELECTRIC GENERATION SERVICE

Applicability.

Throughout the territory served under this tariff.

Availability.

This rider is available to the electric generating facilities of a customer or prospective customer that:

- (1) is engaged in the business of generating electric power for sale to the public or to public utilities;
- (2) enters into a Service Agreement for a term of not less than 10 years;
- (3) agrees to purchase at least 10 million gallons of water per month; and
- (4) has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the Company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

Rate.

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

Maximum Rate: The Maximum Rate shall be the charges specified in the Company's rate schedule that would otherwise apply to the qualifying customer absent this rider.

Minimum Rate: The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

Filing With the Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by petition made to and granted by the Commission pursuant to 52 PA Code §1.74.



RIDER OPI – OFF PEAK / INTERRUPTIBLE RATE SERVICE

Applicability.

Throughout the territory served under this tariff where the capacity exists to provide this service.

Availability.

This rider is available to a customer or prospective customer that:

- (1) purchases or intends to purchase water from the Company for any purpose;
- (2) purchases at least 80% of its water from the Company during the off-peak hours of 10:00 PM to 5:00 AM;
- (3) purchases a minimum of six million gallons per year during the contracted period;
- (4) enters into a Service Contract for a term of not less than one year.

Rate.

Charges

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) may include a Minimum Charge upon the discretion of the Company, if it is anticipated that there are other customer expenses to be incurred besides the Metering Equipment (4) shall be subject to an Escalation Clause, as hereafter defined. If, during the month, the customer purchases less than 80% of its water during the off-peak hours, the rate to be charged for consumption will be the Maximum Rate.

Maximum Rate: The Maximum Rate shall be the otherwise applicable volumetric charges specified in the Company's Rate Schedule for the Main Division.

Minimum Rate: The minimum rate shall be sufficient to recover: (1) the Production Cost of Water; and (2) some portion of the fixed costs of the Company's facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and /or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

RIDER OPI – OFF PEAK / INTERRUPTIBLE RATE SERVICE

Terms and Conditions

**Interruption of Service:** The Company may require the customer to interrupt its water usage to assist the Company in addressing a system emergency, including insufficiency, for any reason, of the Company's source of supply, treatment/purification, pumping, transmission, storage or distribution capacity to serve other customers' demands. The customer will be provided not less than one hour's notice before an interruption is expected to begin. Notice may be by telephone to the customer contact identified in the Service Agreement.

**Failure to Interrupt:** Failure to comply with the Company's request for interruption shall result in all usage by the customer, during the billing period in which such interruption was requested, being billed at the Company's otherwise applicable Schedule of Rates for the Main Division plus \$0.05 per hundred gallons. If the customer fails to comply with the Company's requests for interruption three times during any one year period, measured in twelve month intervals commencing on the effective date of the Service Agreement, the customer shall cease to be eligible for service under this rider and shall thereafter be billed under the otherwise applicable Schedule of Rates.

**Metering Equipment:** The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement the rate and to monitor the customer's compliance with the availability criteria and terms and conditions hereof.

**Inspection:** The customer shall permit Company personnel and the Company's authorized agents, representatives, consultants and experts access to the customer's facilities during regular business hours and upon not less than 24 hours notice and shall permit inspection thereof to determine, to the Company's satisfaction, whether the customer is in compliance with the availability criteria and terms and conditions hereof.

**Confidentiality:** Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code Section 1.74.

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RIDER - STATE TAX SURCHARGE APPLICABLE TO ALL RATES

In addition to the net charges provided for in this Tariff, a surcharge of 0.0000% will apply to all bills issued on and after April 1, 2012.

The above surcharge will be recomputed using the elements prescribed by the Commission in its policy at 52 PA Code section 69.51 et seq.:

- On or before March 31 of each year; and/or
- Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to a change in the applicable tax rates, or in the basis of calculating such tax rates, or due to changes in the state tax liability arising under the law.

The recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation or as prescribed in the Commission's regulations or orders. If the recomputed surcharge is less than the one in effect, the utility will, or if the recomputed surcharge is more than the one in effect, the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be 10 days after filing or as prescribed in the Commission's regulations or orders. In the event that the Company files an increased surcharge subsequent to 10 days after the occurrence of an event which occasions a recomputation, the effective date of such tariff or supplement shall be 60 days after filing in accordance with section 1308(a) of the Public Utility Code, 66 C.S. section 1308(a)(regarding voluntary changes in rates) unless otherwise directed by the Commission.

The surcharge shall be rolled into base rates when increased or decreased base rates are made effective

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (D)

In addition to the net charges provided for in this Tariff, a surcharge of 0.20% will apply to all bills issued, excluding public fire hydrants, on or after June 8, 2012.

## I. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of its aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. Company projects receiving PENNVEST funding are not DSIC – eligible property.

Eligible Property: The DSIC-eligible property will consist of the following:

services (account 3330), meters (account 3340) and hydrants (account 3350) installed as in-kind replacements for customers;

mains and valves (account 3310) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52;

main extensions (account 3310) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company;

**(C) Indicates Change**

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 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
 

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main cleaning and relining (account 3310) projects; and

un-reimbursed funds related to capital projects to relocate Company facilities due to highway relocations. (account 3310)

Effective Date: The DSIC will become effective for bills issued on and after January 1, 1997.

## II. Computation of the DSIC

**Calculation:** The initial charge, effective January 1, 1997, will be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rate base and will have been placed in service between September 1, 1996 and November 30, 1996. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

<u>Effective Date Of Change</u>	<u>Date To Which DSIC Eligible Plant Additions Reflected</u>
April 1	February 28/29
July 1	May 31
October 1	August 31
January 1	November 30

The fixed costs of eligible distribution system improvement projects will consist of depreciation and pre-tax return, calculated as follows:

**Depreciation:** The depreciation expense will be calculated by applying to the original cost of DSIC-eligible property the annual accrual rates employed in the Company's last base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded.

**Pre-tax return:** The pre-tax return will be calculated using the state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day of the three month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission staff in the latest Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission and labeled Distribution System Improvement Charge Return in its Value Line Water Company Group analysis.

**DSIC Surcharge Amount:** The charge will be expressed as a percentage carried to two decimal places and will be applied to the effective portion of the total amount billed to each customer under the Company's otherwise applicable rates and charges, excluding amounts billed for public fire protection service and the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected applicable revenue for sales of water for the quarterly period during which the charge will be effective.

### DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Formula: The formula for calculation of the DSIC surcharge is as follows:

$$\text{DSIC} = \frac{(\text{DSI} \times \text{PTRR}) + \text{Dep} + e}{\text{PQR}}$$

Where:

DSI= the original cost of eligible distribution system improvement projects, net of accumulated depreciation.

PTRR= the pre-tax return rate applicable to eligible distribution system improvement projects.

Dep= depreciation expense related to eligible distribution system improvement projects.

e= the amount calculated under the annual reconciliation feature as described below.

PQR= projected quarterly revenue including revenue from existing customers plus revenue from any customers which will be acquired by the beginning of the applicable service period.

Quarterly updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Office of Trial Staff, the Office of Consumer Advocate and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

### III. Safeguards

Cap: The DSIC will be capped at 7.5% of the amount billed to customers under otherwise applicable rates and charges.

Audits/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. It will also be subject to an annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs, such overcollections will be refunded with interest. Interest on the overcollections will be calculated at the residential mortgage-lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P. S. sec.101, et seq.) and will be refunded in the same manner as an overcollection.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

**New Base Rates:** The charge will be reset at zero as of the effective date of new base rates that provide for prospective recovery of the annual costs that had theretofore been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions, that have not previously been reflected in the Company's rate base, would be reflected in the quarterly updates of the DSIC.

**Earning Reports:** The charge will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings Report (Schedule D-2, line 14) show that the Company will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section. (C)

**Customer Notice:** Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

**(C ) Indicates Change**

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RULES AND REGULATIONS

INTRODUCTION

Effect of Rules and Regulations:

1. These Rules and Regulations, filed as part of the Company's Tariff, shall govern the manner in which water service is provided to all Applicants and Customers. The Company may supplement these Rules and Regulations, and may revise and amend these Rules and Regulations from time to time subject to the approval of the Pennsylvania Public Utility Commission ("Commission"). The Company will follow Commission regulations not specifically addressed in these Rules and Regulations.

Types of Service Provided.

2. There are four general types of service that are provided by the Company, as follows:

"General Metered Service." Water service provided for general use by any of the following customer classes: residential, commercial, industrial, other water utility, or public. This type of service is also referred to as "domestic" service.

"Fire Service." Water service provided to an unmetered fire hydrant, whether public or private, or through a separately metered service line to be utilized exclusively for fire protection of a building and/or property.

"Qualified Private Fire Protection Service." Water service provided to an unmetered fire hydrant located in the public right-of-way which does not otherwise qualify for Public Fire Hydrant rates.

"Combined Fire & Domestic Service." Water service provided at the request of the Customer, subject to the Company's approval for all non-residential Customer classifications which utilize a single service line for both fire and domestic service. This service can be provided in accordance with the requirements of Rule 40 when the fire/domestic meter size is at least 4 inches.

In addition to the general application of these Rules and Regulation, special Rules for the provision of fire service are contained in Rules 40 through 49, and special Rules for the provision of Construction Service are contained in Rules 38 and 39.

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**Classes of General Metered Service:**

3. There are five classes of general metered service, based on the nature of the Customer and the use of the property receiving service, as follows:

“Residential Class.” An individually-metered dwelling unit intended for human habitation (including a detached house, rowhouse, townhouse, condominium and mobile home) or an individually-metered home or building consisting of not more than two dwelling units.

“Commercial Class.” A building, store, restaurant or office which is primarily a site for the buying or selling of goods or the provision of professional or consumer services. In addition, apartments, condominium complexes, colleges, private and public schools, car washes, laundromats, construction sites, hotels, motels, and tanks filled at the Company’s premise are included in this class.

“Industrial Class.” A building or factory which is primarily a site for the manufacture or production of goods.

“Other Water Utility.” A public water utility, municipal corporation or water authority which purchases water for resale to their customers.

“Public.” A public building, library, park or playground which is owned by a governmental unit which has the power of taxation.

#### DEFINITIONS

4. The following words and phrases when used in these Rules and Regulations shall have the meanings given to them below:

“Applicant.” A person who is not currently receiving service but has applied to the utility for service and whose name appears on the mortgage deed, or lease of the property for which service is requested.

“Auxiliary Water Supply.” A water supply, other than that provided by the Company, that is on or available to the Customer’s premises, including, but not limited to, a supply from another public water supply agency, from a natural source such as a well, lake or spring, or from a source containing used water or industrial fluids.

“Builder.” Any person(s) requesting an extension to provide service to an existing lot or group of lots, either existing or to be subdivided, where service is to be provided to something other than a preexisting residential structure; namely, a newly constructed structure, structures to be constructed in the future, or to a preexisting non-residential structure.



“Company.” Aqua Pennsylvania, Inc.

“Company service line.” The service line owned by the Company that extends from the water main to the curb stop or curb line or such point as designated by the Company.

“Construction Costs.” All direct and indirect costs attributable to the material and installation of the subject main extension, services and appurtenances, and/or removal of existing Company facilities (including the net book value of property replaced or retired) whether incurred by the Builder or the Company.

“Construction Service.” Water service provided for construction purposes.

“Curb Box.” A cylindrical device with a lid is normally placed by the curb which affords access to the curb stop. Normally, this device is initially installed by the Company, but may be subject to having its condition or position adjusted by natural forces or the work of the developer or a plumber. Accordingly, it is the responsibility of the Customer to maintain the Curb Box in a safe condition, or to notify the Company in writing to make the necessary repairs or relocation to the Curb Box or Curb Box lid.

“Curb Stop.” A device owned, installed, maintained and controlled by the Company that can be turned to an open or closed position for the purpose of controlling the supply of water to the service property.

“Customer.” A person listed on the account and whose primarily responsible for the utility bill OR adult occupant whose name appears on the mortgage, deed, or lease for the service address.

“Customer service line.” The service line owned by the Customer that extends from the Curb Stop or curb line (or such point as designated by the Company) to the property or building to be served.

“Depositor.” Any person(s) acting on behalf of Prospective Customer(s) for the purpose of entering into an Extension Deposit Agreement.

“Meter.” A device furnished, installed and owned by the Company to register the consumption or use of water at the Customer’s Property.

“Meter Box/Vault.” A structure which is owned and maintained by the Customer, having been installed by an agent for the Customer, in accordance with Company specifications, for the purpose of housing the Meter outside of the Customer’s building, at an underground location mutually agreed upon between the Customer and Company. It is the responsibility of the Customer, as the owner of the Meter Box/Vault to maintain the Meter Box/Vault and lid in a safe condition.

“Metered Manifold” A domestic service line that contains more than one metered service. When more than one meter is installed upon a Customer’s premise at the request of a Customer or due to conditions existing upon the premise of the Customer, then each meter shall be treated separately as if it belonged to a separate Customer.

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"Plumbing Fixture Standards." The water use standards that have been adopted by the Delaware River Basin Commission (at Resolution 88-2 Revised) and subsequently recommended by the Pennsylvania Public Utility Commission for plumbing fixtures installed in new construction and in existing structures undergoing renovations involving replacement of such fixtures, as follows:

<u>Plumbing Fixture</u>	<u>Water Use Standard</u>
showerheads	3.0 gallons/minute
lavatory faucet	3.0 gallons/minute
kitchen faucet	3.0 gallons/minute
water closets	1.6 gallons/flush
urinals	1.5 gallons/minute

"Private Fire Hydrant." A fire hydrant furnished, installed, owned and maintained by the Company that has been requested by an Applicant and approved by the municipality, but where the municipality has refused to accept payment of the applicable rate as set forth in the Company's rate schedule.

"Property." In general terms, a separate parcel of land owned in fee simple absolute, including any home(s), condominium(s), Home Owner's Association or building(s) affixed thereto, which is delineated by the description contained in the recorded deed, and which may be further delineated by any public roads.

"Prospective Customer." Any owner, tenant or lessee of a property that is expected to be receiving water service for at least one year following the commencement of water service.

"Public Fire Hydrant." A fire hydrant furnished, installed, owned and maintained by the Company that has been requested by the municipality, or requested by an Applicant and approved by the municipality, where the municipality has accepted responsibility for payment of the applicable rate as set forth in the Company's rate schedule.

"Residential Structure." When used with respect to metered Residential Fire Service, a home or building which contains only individually - metered dwelling units intended for human habitation.

"Service Connection." The installation by the Company of the Company service line. May also refer to the Company service line itself.

"Special Devices." Devices that are owned and maintained by the Customer on the Customer's plumbing system at the requirement of the Company. Special Devices include, but are not limited to, the following:

"Backflow Preventor." A device designed to prevent a potential backflow of contaminants from the Customer's activities or property into the Company's distribution system.

"Check Valve." A device designed to allow the flow of water only in one direction.

"Control Valve." A device designed to stop the flow of water when the valve is closed.

"Pressure Reducing Valve." A device designed to reduce the water pressure within the Customer's building below that which exists on the Company's distribution system.

"Pressure Relief Valve." A device designed to relieve pressure on the internal plumbing system of the Customer's property.

#### APPLICATION FOR SERVICE

##### Notification of Change in Ownership or Occupancy at an Existing Service Property:

5. Upon any change in ownership of property where the owner is the Customer, or in the tenancy where the tenant is the Customer, or in the type of service rendered, the Customer must so advise the Company, which shall thereafter have the right to discontinue the water supply until a new application has been made and approved for the new Customer.

##### Application for Water Service by a New Owner or Occupant at an Existing Service Property:

6. Where a Customer's water service line exists on a property to be served in compliance with the Company's rules, water service will be furnished by the Company as soon as reasonably practicable after written or oral application of the owner or tenant of the property or his properly authorized agent. The Customer receiving water service takes such service subject to the Company's Tariff, including its Rules and Regulations.

##### Application for Water Service to a Proposed Service Property:

7. Where an adequate water distribution main abuts the Customer's property, a service connection will be made as soon as reasonably practicable after the appropriate application forms have been completed by the property owner or his properly authorized agent and subsequently submitted to, and approved by, the Company. Where an adequate water distribution main does not abut the Customer's property, the Customer must make necessary arrangements with the Company's New Business Office for the extension of a water distribution main in accordance with the Company's Rules and Regulations. Service Connection application forms will be furnished by the Company on request.

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DEPOSITS

General:

8. Deposits may be required from Applicants for service and existing Customers. Deposits collected shall have interest paid to the depositing Customer in accordance with the Commission regulations. Upon termination or discontinuance of service, the Company shall within 30 days apply the Customer's deposit, including accrued interest, to any outstanding balance and refund the remainder to the Customer.

Deposit Not to Apply to a Current Bill:

9. Any Customer having made a deposit shall currently pay bills for water service as rendered and the deposit shall not be considered as payment on account of a bill during the time the Customer is receiving water service. At the option of the Company, deposits may be used to pay delinquent bills for water service and, if appropriate, a new deposit may thereafter be required.

BILLS AND PAYMENT

Methods of Payment:

10. Bills are payable by mail, by direct debit, in person at any authorized pay agency or as otherwise authorized by the Company.

Landlord Assumption of Responsibility:

11. If an Applicant for service, who is a landlord, assumes responsibility for rates and charges related to water or wastewater service provided to tenants and is billed for such service, the landlord must assume responsibility and be billed for both water and wastewater service, if such service is provided or billed by the Company.

Bills and Billing History:

12. Bills based on estimated water use shall be subject to review upon the Customer's request and submission by the Customer of information as to unusual water use. In all other cases, billing shall be made as soon as practicable after the reading of respective meters. In the case of fire hydrants, bills will be rendered for each applicable period. Where a Customer receives water service during a period when a water meter is not installed at the Property, the Company may issue the Customer a bill based on the estimated usage for that period. A Customer may obtain from the Company, at no charge to the Customer, the billing history for up to ten accounts per year in the name of the Customer, provided that the Customer submits a written request for such information directly to the Company. Additional requests will be processed subject to the Company's right to charge the Customer its incremental costs of providing such billing histories.

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Delinquent Bills:

13. If a rendered bill remains unpaid for a period of 20 days for residential customers or 15 days for non-residential customers, it shall be classified as delinquent. However, if the last day of such period falls on a Saturday, Sunday, a holiday or day when the Company's offices are closed, the delinquency date shall be the next succeeding business day. Payments by mail will be deemed made on the date of the postmark. Payments to the Company drop box or authorized payment agent will be deemed received when paid at that location. Service may be terminated for non-payment of bills in accordance with the Commission's regulations. If service is thus terminated it will not be restored until all outstanding charges provided by the Commission's regulations and the tariff of the Company are paid or satisfactory arrangements are entered for payment. If a dispute of a water bill has arisen as defined in the Commission's regulations, the Customer is responsible for paying the undisputed portion of such bill and termination of service may occur if the undisputed billings become delinquent.

## Late Payment Charge:

14. If payment has not been received by the Company for five days after the bill has been classified as delinquent, a late charge (penalty) of 1.25% will be applied to the account and such late charge (penalty) will be calculated every thirty days thereafter only on the overdue portion of the bill excluding previous late charges (penalties), and in no event shall the late charge (penalty) exceed more than 18% annually (simple interest).

## Return Check Charge:

15. The Customer will be responsible for the payment of a charge of \$20.00 per incident where a check, which has been presented to the Company for payment of any bill, is returned by the bank for any reason including, but not limited to, non-sufficient funds, account closed, payment stopped, two signatures required, post dated, stale date, account garnished, no account, drawn against uncollected funds, balance held, and unauthorized signature. This charge is in addition to any and all charges assessed against the Customer by the bank. If a Customer's account shows a history of submitting payments that have been returned for insufficient funds or any other reason outlined above, the Company may require deposit or turn-on charges to be paid by cash, certified check, money order, or credit card.

## Turn-on Charge:

16. When service has been terminated to any premise because of violation of the Company's Rules and Regulations or at the Customer's request, a charge of \$50.00 payable in advance, will be made for restoration of service. If the Customer request for restoration of service requires the Company to incur overtime or holiday costs, the Company reserves the right to bill the Customer for the additional cost incurred. If the Company incurs out of the ordinary expense to affect termination of service for non-payment of bills or due to lack of access to the Company's facilities, the Customer must reimburse the Company for those expenses in addition to the \$50.00 turn-on charge prior to service reconnection.

## Turn-off at Customer's Request:

17. Customers desiring to avoid payment for water service during periods when Properties are vacant or during extended absences shall give notice in writing at the office of the Company requesting the water to be shut off. If a minimum charge or Customer charge for water use is applicable, the bill will be based on the proportion that the period when water service was available bears to the entire period on which such minimum charge or Customer charge is based. Metered consumption in excess of such adjusted minimum shall be billed at normal rates.

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**SERVICE CONNECTIONS****Company's Service Lines:**

18. Except for service connections made in accordance with Rule 63, the Company will make all connections to its mains and furnish, install and maintain the Company's service lines from the main to and including the Curb Stop, which under normal circumstances will be placed inside the curb-line. The Company's service line will be the property of the Company and under its control. The point of delivery and sale for any water service furnished to the Customer shall be at the Curb Stop.

The maximum Company investment per Company service line shall be as follows:

<u>Size of Service</u>	<u>Maximum Investment</u>
1 ½ inches in diameter or less	\$ 3,000
Greater than 1 ½ inches but not to exceed four inches	\$ 6,000
Greater than 4 inches	\$12,000

The cost of any Company service line in excess of the applicable maximum Company investment shall be paid by the Customer, plus all applicable taxes including income taxes occasioned by the contract. Any amount paid by Customer shall not be subject to refund. The Company may require payment of the estimated amount of such excess cost in advance of the installation and will make a partial repayment to the extent the actual cost is determined to be less than the estimate.

Whenever it is necessary to install a service line in advance of the date on which the premises are occupied and a meter is set, a deposit may be required in an amount not to exceed the estimated cost of installation, which deposit will be refunded to the depositor when the service becomes active (i.e., the meter has been set and the premises occupied), provided that event occurs within five years from the date of deposit.

**Customer's Service Line:**

19. The Customer's service line shall extend from the Property to the Curb Stop or curb line or such point as designated by the Company. All connections, service lines and fixtures owned by the Customer shall be maintained by the Customer in good order, and all meters and appurtenances owned by the Company and located on the Property of the Customer shall be protected properly by the Customer. All leaks in or other deteriorated condition of the Customer's service line or any other pipe or fixture in or upon the premises supplied must be repaired immediately by the owner or occupant of the premises.

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Size, Kind and Location of Service Line:

20. The Company reserves the right to determine the size, kind and location of the service line, from the main to the curb, and from the curb to the property to be served. However, the determination of the size of the fire service line shall be the responsibility of a professional engineer or similar professional retained by the Customer. The Customer's service line shall not cross intervening properties unless the property is landlocked and there is no other way in which service can be provided (for example, because the property does not abut a public road) and an appropriate easement is obtained by the Customer for the Customer's benefit, a copy of which must be furnished to the Company. The service line from the curb stop to the property shall be furnished, installed, owned, and maintained by the owner of the property, and where possible shall be laid in a straight line at right angles to the curb line within the building limits of the structure to be served and at least four feet below the surface of the ground in property owned in fee simple absolute. Type K Copper shall be used throughout for service lines up to three inches in diameter. Service lines over three inches in diameter shall be cement-lined ductile or cement-lined cast iron pipe. The minimum size of the Customer's domestic service line shall be 3/4 inch in diameter. The Company reserves the right to inspect the installation of the Customer's service line to ensure its conformity with the specifications in this paragraph.

## Separate Trench:

21. No water service line shall be laid in the same trench with a gas pipe, electric line, drain or sewer pipe, or any other facility of another public service company, nor within three feet of any open excavation, retaining wall or vault.

## Renewal of Company Service Line:

22. Where renewal of the Company's service line from the street main to the curb is found to be necessary in the Company's opinion due to age or condition, the Company will renew said service in the same location as the old one at its own expense. If, in connection with such renewal, the property owner, or Customer, for his own convenience, desires the new service line to be installed at some other location or in a larger size and agrees to pay all expenses of such work in excess of the cost of renewing the originally-sized service line in its original location, the Company will install the new service line at the location desired, provided that the new line complies with all applicable Rules and Regulations.

## Replacement or Abandonment of Company Service Line:

23. Where the Company service line needs to be replaced, relocated, removed or abandoned for the convenience of the Customer or due to any reason other than a routine Company renewal due to age or condition, the Company will perform such work and the Customer shall pay all expenses in connection with such work.

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Company Not Responsible:

24. The Company shall in no event be responsible for the condition of, or for maintaining or replacing, any portion of the Customer's service line or other lines or fixtures on the Customer's property, or for damage done by water or other matter passing through said lines or fixtures or escaping therefrom. The Customer shall at all times comply with all federal, state, local and municipal laws, codes and regulations with reference thereto, and make changes therein, required on account of change of grade, relocation of mains, or otherwise.

Single Service Line for each Property:

25. A Customer's service line (whether fire or domestic) shall not supply more than one property, as hereinafter defined, but any such property upon proper application of the owner may be supplied by two or more metered service connections, each of which for billing purposes shall be considered as being separate customer accounts, and provided that the supply of each such service connection has an individual control valve at or near the curb. A separate service line shall be required for each of the following types of "property", as defined herein:

- (a) A residential dwelling unit - either detached, or one side of a double house, or a house in a row of houses; provided, that a garage, a conservatory and similar features incidental to the family life shall be considered as a portion of the dwelling.
- (b) A building or complex of buildings containing residential dwelling units not divided by a public road or property line, which are either rental apartments, condominiums, or cooperative units and the commercial and service facilities incidental thereto.
- (c) An industrial, commercial or manufacturing establishment held in common ownership and not divided by a public road or property line and not covered by subparagraphs (b) and (d) of this Rule 25.
- (d) Each of the premises within a single building (stores or offices or any combination thereof) entirely separated from other premises within said building by a party wall or walls.
- (e) A detached building comprised of stores or offices or any combination thereof, not separated by a party wall or walls.
- (f) A Housing Development owned and operated as a unit by the United States Government.

Single Service Line with Two or More Customers:

26. Where two or more Customers are now supplied through a single service line, any violation of the Rules and Regulations of the Company, with reference to either or any of said Customers, shall be deemed a violation as to all, and unless said violation is corrected after reasonable notice, the Company may take such action as can be taken for a single Customer, except that such action will not be taken until either or all of said Customers who have not violated the Company's Rules and Regulations have been given a reasonable opportunity to apply to the Company for separate service lines in accordance with these Rules and Regulations.



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METERS

Furnished by Company:

27. All Company meters will be furnished, installed and owned by the Company and remain the property of the Company and be accessible to and subject to its control.

All Services to Be Metered:

28. A meter shall be installed on each domestic and on each fire service line owned by the Customer. The Company reserves the right to determine the size and type of meter to be installed in the Customer's property, including whether such meter shall be a manual read meter or a meter that can be read remotely from outside the building being served, or automatically using TV cable, telephone, or similar lines or radio signal communication. As a condition of providing service and continuing to provide service, the Company shall have the right to install such equipment, connections and wiring in the manner and location it deems appropriate. The equipment necessary to read meters using the designated mode of communication will be installed by the Company and will remain the property of the Company.

Location:

29. The meter will be set within the structure to be served, at a location approved by the Company, after the Customer has had the plumbing arranged (including the installation of special devices if required by the Company) to receive the meter at a convenient point inspected and approved by the Company so as to control the entire supply of water to the property. In cases where it is not practical to place the meter within a building, a concrete vault, with a suitable iron cover, or other approved meter box, shall be located inside the property line by the Customer. The size and dimensions of the vault or box shall be as approved by the Company, give adequate access to the meter, and permit its installation or removal. When a concrete vault is used, a 10 foot wide (min.) paved surface from the road to the vault, including curb depression, must be provided and maintained for vehicle access. A meter vault will also be required in all cases determined by the Company, including where:

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- a) the Customer's service line crosses a stream, swale, retention basin or similar structure;
- b) the Customer's service line is over 200 feet in length;
- c) the Customer's service line is not or cannot be installed at a right angle to the curb within the building limits of the structure to be served, or is not or cannot be installed within a specified area along the side wall (that is, a wall adjacent to a front wall) of the building to be served up to the point-of-entry of the service line into the side of the building, said area being specified as an area no closer than 5 feet and no further than 10 feet from the sidewalk; unless otherwise approved by the Company;
- d) the Customer's structure does not contain a basement or is not a permanently fixed structure, unless otherwise approved by Company;
- e) there is no suitable location to protect the Meter from freezing or other damage, or to provide access for reading.

**Valves Required:**

30. A Control Valve shall be placed by the Customer on the service line on the inlet and outlet sides of the Meter. When required, a suitable Check Valve should be placed by the Customer between the meter and the Control Valve on the outlet side of the Meter. When a Check Valve, backflow preventor or Pressure Reducing Valve is installed, the Customer shall install a Pressure Relief Valve or thermal expansion tank (to be sized and designed by the Customer or his agent) at some convenient point on the house piping to relieve pressure fluctuations and/or excess pressure due to heating water. In accordance with the specifications of the Company, the Customer shall install a pressure reducing valve (PRV), to be set at a pressure not to exceed the applicable limits, as follows: 1) on the domestic service line when the pressure on the Company's distribution system exceeds 100 pounds per square inch (psi); 2) on the residential fire service line when the pressure exceeds 100 psi; 3) on the commercial fire service line when the pressure exceeds 150 psi; or 4) when required in the discretion of the Company where it is believed that the pressure may exceed either limit. The Customer or his authorized agent shall check with the Company to determine whether a Pressure Reducing Valve is required prior to finalizing the design of the internal plumbing system. In all cases, the Pressure Reducing Valve must be installed at an approved location after the inlet control valve and before the Meter, but in the case of the domestic service line an additional Control Valve must be installed between the PRV and the Meter. When approved for a manifold set-up, the inlet control valve (2-inch and smaller) that abuts the meter must be a full-port, locking ball device.

**Responsibility for Damage:**

31. Meters and other related equipment owned by the Company will be maintained by the Company so far as ordinary wear and tear are concerned; but the cost to repair damage caused by the Customer or due to freezing, hot water or causes not within the reasonable control of the Company shall be paid by the Customer.

**Cost of Reinstallation:**

32. The charge for the reinstallation, reconnection or changing of a Meter or other related equipment owned by the Company when removed by the Customer or because of damage in any way due to the negligence or intentional conduct of the Customer shall be assessed against the Customer at cost.

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Minimum Charge/Customer Charge:

33. In Divisions with a minimum charge and a water allowance, customers will be subject to a fixed minimum charge in accordance with the rates thereof, for which certain quantities of water will be allowed, without additional charge. Such minimum charges shall be non-refundable for non-use of water, and non-cumulative against subsequent consumption. In the case of fractional bills covering less than a billing period, minimum charges and allowances shall be prorated.

In Divisions with a customer charge and no water allowance, customers will be subject to a fixed customer charge in accordance with the rates thereof, for which no quantity of water will be allowed without additional charge. The customer charge will be non-refundable and payable whether or not the customer uses any water. In the case of fractional bills covering less than a billing period, the customer charge shall be prorated.

Company Notified Meter Not Working:

34. The Customer shall immediately notify the Company of damage to or the non-working of the meter, as soon as it comes to his/her knowledge.

Registration Conclusive:

35. The quantity recorded by the meter shall be conclusive on both the Customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register. In such case, the quantity may be determined by the average registration of the meter when in order.

Disputed Account:

36. In case of a disputed account involving the accuracy of a meter, such meter will be tested upon the request of the Customer in conformity with the regulations of the Commission. In the event that the test of the meter shows an error in registration in excess of the permissible range, an appropriate adjustment to the bill will be made in accordance with the Commission's regulations. Bills will not be adjusted if the meter tests within the permissible tolerance limit.

Request Test:

37. Upon a written request of a Customer, or that of the Customer's authorized representative, the Company shall test the accuracy of the meter in service at the involved premises. When a Customer desires, either personally or through a representative, to witness the testing of a meter, the meter may be required by the Customer to be sealed before removal, in the presence of the witness, which seal shall not be broken until the test is made. If the meter so tested is found to be accurate within the limits specified above, a fee determined from the schedule provided in the Commission's regulations shall be paid to the Company by the Customer requesting such test, but if not so found then the cost thereof shall be borne by the Company. When making such requests, the Customer shall agree to the basis of payment herein specified. A report of such test shall be made to the Customer and a complete record of such test shall be kept as specified in the Commission's regulations. The results of such tests shall be conclusive upon the Company and Customer unless a written objection thereto is received by the Company or Customer, as appropriate, within thirty days of notice of the test results. If the meter tested is found to be accurate, the Company has the absolute right to re-install that same meter at the Customer's property.

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**CONSTRUCTION SERVICE****Metered Building Construction Service:**

38. Where service has been requested by a Builder for purposes of construction of a building to be served by the Company, and service is to be provided through a Company service line that will be retained to provide service to the building after construction is completed, metered water service shall be provided. Each such metered service will be subject to these Rules and Regulations and the charges for Commercial Service shown in the rate schedule. Installation of the Company Service Line shall be in accordance with the "SERVICE CONNECTIONS" provisions of this tariff.

**Temporary Metered Construction Service:**

39. Where metered service is required or requested for temporary construction purposes, or where the Company Service Line will not be retained to provide service after construction, the Applicant shall pay the estimated cost of installation and removal of the service line, which costs are not refundable. In addition, the Applicant shall pay a deposit for the Meter, which will be refunded upon return of the Meter. Each such metered service will be subject to these Rules and Regulations and the charges for Commercial Service shown in the rate schedule.

**METERED FIRE SERVICE****Metered Fire Service for Non-Residential Structures:**

40. For automatic fire sprinklers or other automatic fire service devices located inside of a non-residential structure or for fire hydrants located on a fire service line, a separate service line will be required to be used exclusively for fire service when Combined Fire and Domestic Service rule (see rule #2) does not apply. Each such fire line shall be metered and subject to the charges shown in the rate schedule. Subject to the approval of the Company, fire hydrants that are owned and maintained by the Customer outside of buildings may be connected to said service line, provided they are located downstream of the Meter and backflow prevention device. The Customer will be responsible for paying the Company for the cost of installing the Company service line in excess of the maximum Company investment, as set forth in Rule 18 of this tariff. Company reserves the right to refuse an application for metered fire service where, in the judgment of the Company, the size and pressure of the street main is not sufficient to render proper service. The Customer shall be responsible for the design and sufficiency of the fire protection system (including the installation of a pressure tank and pumps, if required) and shall submit appropriate certification of such to the Company at the time of application. The Customer shall not use a dedicated fire line for domestic service and shall not allow a cross-connection between the domestic and fire systems. The Company shall have the right to require special devices as deemed necessary on Customer fire service lines. Meters for fire service will be furnished and maintained by the Company. Meters will be located as specified by the Company on the Property of the Customer, and if vaults are required, they shall be constructed and maintained in accordance with the Company's specifications at the expense of the Customer.

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Metered Fire Service for Residential Structures:

41. To obtain service for automatic fire sprinklers or other automatic fire suppression related devices located inside a Residential Structure, the Customer must install a separate Customer fire service line from the curb to the fire protection system. Each such fire line shall be metered in accordance with the Company's Rules and Regulations. Both the Customer's fire service line and domestic line shall be connected to a single Company service line. To accommodate service to the Customer's fire line in addition to the domestic line, the Company will install a larger Company service line than it would otherwise install. The Customer will be responsible for paying the Company for the costs of upsizing the Company service line and appurtenances, and for the cost of the fire meter and its installation, together with any and all applicable taxes. Recovery of these costs by the Company shall be achieved through the application of the Company's rate schedule for "Residential Multiple Meter Sets", which shall be applicable to all Residential Structures equipped with residential fire service under these Rules and Regulations. The Company reserves the right to refuse an application for automatic fire service where, in the judgment of the Company, the size and pressure of the street main is not sufficient to render proper service. The Customer shall be responsible for the design and sufficiency of the fire protection system (including the installation of a pressure tank and pumps, if required) and shall submit appropriate certification of such to the Company. The Customer shall not use the fire line for domestic service and shall not allow a cross-connection between the domestic and fire systems. The Company shall have the right to require special devices as deemed necessary on residential fire service lines.

**UNMETERED FIRE SERVICE/HYDRANTS****Payment of Applicable Rate:**

42. All fire hydrants installed by the Company are subject to the payment of the applicable rate. A hydrant will not be installed without the request or the approval of the appropriate municipality. If the municipality agrees to pay the applicable rate, the hydrant shall be a public fire hydrant; otherwise a private entity must agree to pay the applicable rate in which case the hydrant shall be a private hydrant. In the event the applicable rate is not paid, the Company, at its option, may remove the hydrant.

**Payment of Installation Costs:**

43. (a) Hydrants installed on new or proposed water mains: All fire hydrants, whether public or private, to be installed in connection with a main extension shall be paid for by the applicant or depositor pursuant to the Company's Extension Deposit Agreement.

(b) Hydrants installed on existing water mains: The installation costs of all private fire hydrants to be installed on an existing water main shall be paid for by the Applicant. The installation costs of a public fire hydrant to be installed on an existing water main shall be paid for by the Company provided that no existing fire hydrant is located within a 600-foot radius of the requested fire hydrant, and provided that all other Rules and Regulation of the Company are complied with. Fire hydrants requested at closer intervals of spacing shall be reviewed by the Company and these installations shall be paid for by the municipality or Applicant. Payment for the installation of a fire hydrant shall include the entire cost for material and installation and all applicable taxes pursuant to an agreement prepared by the Company.

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Hydrant Location:

44. Upon written request to the Company's New Business Office from the duly authorized officials of any municipality supplied by the Company, the Company (subject to its Rules and Regulations on the payment of installation costs and the applicable rate), will install a standard fire hydrant at a location mutually agreed upon by the municipality and the Company, provided that the size of the existing main and surrounding distribution system and the available pressure and flow in said main is, in the judgment of the Company, sufficient to enable the provision of proper service at the fire hydrant under normal and ordinary conditions. Where a requested fire hydrant would be connected to a water main located in the public right-of-way, the hydrant shall be located within close proximity to the nearest curb line, and where a requested fire hydrant would be connected to a water main located in an easement held by the Company, the hydrant shall be located within that easement area.

Availability of Supply

45. With regard to public fire hydrant service or private hydrant sprinkler and hose service, the Company shall have no greater duty than to supply only such volumes of water at such pressures as may be available at the time of operation.

Maintenance and Obstructions:

46. All fire hydrants owned by the Company will be maintained by the Company. Said maintenance shall include, but not be limited to, painting as required. Painting of hydrants by parties other than the Company personnel or its authorized contractor is strictly forbidden. The Company shall not be responsible for the condition of the hydrant following intervening use by a fire department or any authorized or unauthorized person.

It is the responsibility of the Customer paying the fire hydrant rental to keep the area directly surrounding the hydrant free of all obstructions (including, but not limited to trees, bushes, snow, dirt, mailboxes or other obstructions) that would impact the safe operations or would not allow the hydrant to be easily seen from or accessed by an emergency vehicle.

Municipalities, at their own expense, are allowed to attach marking devices on public fire hydrants owned and operated by the Company to facilitate the location of such hydrants. The Company shall be notified in advance of the municipality's plans to install hydrant markers and will permit plan designs that are consistent with normal, intended, and safe operation of such hydrants. Municipalities that take advantage of this provision shall be responsible for the maintenance of all markers that they install.

Allowable Use:

47. Only persons authorized by the Company shall take water from any fire hydrant, except for the use of the Fire Department in case of fire, and no fire hydrant shall be used for any reason other than fire purposes without the consent of the Company.

Change of Location:

48. Whenever a municipality desires a change in the location of any fire hydrant, the Company, upon written notice from the municipality to the Company's New Business Office, will make such change at the expense of the municipalities pursuant to an agreement prepared by the Company.

Inspection:

49. In addition to its periodic program of inspection and testing, the Company will, upon request of the duly authorized officials of any municipality, make inspections of specific hydrants at convenient times and at reasonable intervals to determine the condition of the fire hydrant in question. Inspections shall be made by a representative of the Company and a duly authorized representative of the municipality.

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**RESPONSIBILITY FOR SERVICE****Liability of Company:**

50. In the course of furnishing service that needs to be adequate, but not perfect, it is recognized that there will be times when service is subject to interruption or disruption as a result of water main breaks, the failure of equipment or facilities, and for other reasons. Accordingly, the liability of the Company shall be limited to \$2,000 in any legal action brought against the Company for damages in connection with: 1) a service interruption or delay, or cessation or lack of adequate, efficient, safe and reasonable service and facilities; and/or 2) a failure of equipment or supply, including, but not limited to, a break or leak in a water main, service line or Meter owned by the Company.

In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of a public utility are in conformity with the regulations and Orders of the Commission, the public utility may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory judgment with the Commission.

Furthermore, the Company shall not be liable in any action where the loss or damage involves an act of God or does not involve a duty of the Company, including breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or conditions in the Customer's own service line, Meter vault, internal plumbing or fixtures, or due to the materials out of which those facilities are made. Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of a duty of the Company, including where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a Customer's property) is in need of repair, such as the condition or elevation of a curb box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or the person or event.

**Complaints:**

51. Complaints with regard to the character of the service furnished or the reading of Meters, or of the bills rendered, must be made at the Company's office either orally, by telephone, in person with appointment, or in writing, and a record of such complaint will be kept by the Company, giving the name and address of the complainant, the date, the nature of the complaint and the response. In person appointments must be scheduled prior to arrival at the Company offices.

**SYSTEM INSPECTION AND INTEGRITY****Inspections:**

52. All pipes, Meters, special devices and fixtures shall be subject, at all reasonable hours, to inspection by properly identified employees of the Company. In addition, the Company shall have the right, upon reasonable notice and at reasonable times, to gain access into the Customer's premises for the purpose of taking water samples in order to determine the quality of the water. No plumber, owner or other unauthorized person shall turn the water on or off at any corporation stop or Curb Stop, or disconnect or remove the Meter without the consent of the Company. No agent or employee of the Company has authority to bind it by any promise, agreement or representation not provided for in these Rules and Regulations.

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**Right to Refuse Connections:**

53. The Company may refuse to connect with any piping system or furnish water through one already connected: 1) if the Customer's service line is not a sufficient depth to prevent freezing or is installed in too close proximity to any other utility line; 2) if lead-based solder or a lead-based fixture has been used in the Customer's plumbing system in contravention of any national, state or local regulation; 3) where the intended use of the water delivered to the Customer's Property would involve the return of water directly back to the Company's distribution system; 4) where the Customer's water service line is connected to a separate or auxiliary water supply that could constitute a cross-connection; or 5) if such system has not otherwise been properly installed and maintained. It shall be the Customer's responsibility to assure compliance with these requirements. The Company may, from time to time, require the Customer to provide verification that the Customer's piping system complies with these requirements.

**Cross-Connection Control:**

54. A cross-connection is created when a Customer connects to the Company's distribution system. To prevent contamination of the public water supply from a cross-connection, all new Customer connections to the Company's distribution system must be equipped with backflow prevention, cross-connection control or other special device approved by the Company and furnished, installed, and maintained at the Customer's expense in accordance with Company specifications and at a location and in the manner approved by the Company. A Customer with an existing connection to the Company's distribution system will furnish, install, and maintain a Company approved backflow prevention, cross-connection control, or other special device at the Company's request. The furnishing, installation, and maintenance of the backflow prevention, cross-connection control or other special device at existing connections will be made at the Customer's expense in accordance with Company specifications and at a location and in the manner approved by the Company. The Company shall have the right, upon reasonable notice and at reasonable times to conduct surveys and investigations of water use and practices at a Customer's premises to determine the backflow prevention, cross-connection control or other special device appropriate for Customer's connection. In addition, the Customer shall be required, at such Customer's expense, to comply with the yearly testing and overhauling requirements of the Company for backflow prevention, cross-connection control or other special devices. The Company may authorize persons (with the appropriate training or certification) to inspect premises, perform installations and testing of such special device or make corrections of adverse existing conditions. A yearly administrative fee of \$5.00 will be required per return certification.



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TERMINATION OF SERVICE

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By Company:

55. Service may be terminated for any of the following reasons which shall constitute a violation of the Rules and Regulations of the Company:

- (a) For the use of water for any other Property or purpose other than that described in the application.
- (b) For willful waste of water through improper or imperfect pipes, fixtures or otherwise, including failure to promptly repair a leak on the Customer service line.
- (c) For molesting any service pipe, Meter, Meter interface unit, curb stop or seal, or any other appliance of the Company.
- (d) For neglecting to make or renew deposits, or for non-payment of any charge accruing under the Company's tariff or Rules and Regulations.
- (e) For refusal of reasonable access to Property for purposes of inspecting or for reading, caring for, removing, or installing Meters, including remote and automatic Meters and the associated wiring and connections to the Customer's telephone line.
- (f) For making, or refusing to sever, any cross connection between a pipe or fixture carrying water furnished by the Company, and a pipe or fixture carrying water or other substances from any other source.
- (g) For failing to comply with the inspection, installation, maintenance or testing requirements of the Company under its back-flow prevention and cross-connection control program instituted for the purpose of protecting the public water supply.
- (h) For vacancy of a premises.
- (i) For failure to make payments under the Company's Water System Connection Loan Program, as described in Rule 64.
- (j) For violation of any other Rules or Regulations of the Company.
- (k) For violation of Pennsylvania law (Criminal Code 18 PA C.S.A. Section 3926) which prohibits the activation of a public utility service line without a measuring device (water Meter).
- (l) For any other reasons set forth in the Commission's regulations.

Service termination will be performed in the manner prescribed by the Commission's regulations. In addition, service may be terminated for nonpayment of a sewer bill upon proper request of the Sewer System and receipt of a \$35.00 fee per account.

Turn-Off Without Authority:

56. The Customer shall not turn the water on or off at any corporation stop or Curb Stop, or disconnect or remove the Meter, or permit its disconnection or removal, without the consent of the Company.

Aqua Pennsylvania, Inc.

Due to Emergency:

57. As necessity may arise in case of breakdown, emergency, or for any other unavoidable cause, the Company shall have the right to cut off the water supply temporarily, in order to make necessary repairs, connections, etc.; but the Company will use all reasonable and practical measures to notify the Customer of such discontinuance of service. The Company shall not be liable for any damage or inconvenience suffered by the Customer or any claim against it at any time for interruption in service, lessening of the supply, inadequate pressure, poor quality of water, or for any causes beyond its control. When a supply of water is to be temporarily cut off, notice will be given, when practicable, to all Customers affected by the shutting off, stating the probable duration of the interruption of service, and also the purpose for which the shut-off is made.

#### WATER CONSERVATION AND DROUGHT EMERGENCY

Water Conservation Contingency Plan:

58. (a) General: The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs, to provide for fire and other emergencies, or may restrict or regulate the quantity of water used by the Customer in case of scarcity, or whenever the public welfare may require it. If the Company is experiencing a short-term supply shortage, the Company may request general conservation measures to reduce or eliminate nonessential uses of water.

(b) Voluntary Conservation: The Company shall first request voluntary curtailment of all nonessential uses of water.

(c) Mandatory Conservation: If voluntary cooperation does not achieve satisfactory results, mandatory compliance with a ban on nonessential uses will be imposed. If any customer refuses to comply with such mandatory measures, the Company may adjust the outside water valve connection in a manner which will restrict water flow by up to 1/2, otherwise restrict flow such as by the insertion of a plug device, or terminate service.

(d) Nonessential uses of water may include, but are not limited to, the following items:

- (1) The use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, garden, vegetables, flowers, or any other vegetation.
- (2) The use of water for washing automobiles, trucks, trailers, trailer houses, or any other type of mobile equipment.
- (3) The washing of streets, driveways, parking lots, service station aprons, office buildings, exteriors of homes, sidewalks, apartments, or other outdoor surfaces.

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- (4) The operation of any ornamental fountain or other structures making a similar use of water.
  - (5) The use of water for filling of swimming or wading pools.
  - (6) The operation of any water-cooled comfort air conditioning which does not have water-conserving equipment.
  - (7) The use of water from fire hydrants for construction purposes or firedrills.
  - (8) The use of water to flush a sewer line or sewer manhole.
  - (9) The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops, and livestock.

(e) **Water Rationing Plan:** In addition to the provisions as set forth above, the Pennsylvania Emergency Management Agency is authorized to promulgate, adopt, and enforce a Water Rationing Plan by virtue of the Emergency Management Services Code, 35 Pa. C.S.1701 et seq. as implemented by the Drought Emergency Proclamation dated November 6, 1980.

(f) **Excess Use Charges:** In the event of a drought emergency (as declared by a river basin commission and/or by a proclamation or executive order issued by the Governor), the Company is authorized to collect fines and/or excess use charges set forth in its Local Water Rationing Plan as filed with and approved by the Pennsylvania Emergency Management Agency.

#### MAIN EXTENSIONS

##### Main Extensions to Existing Residential Structures:

59. Where an adequate water distribution main does not abut a prospective Customer's Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the prospective Customer (or an authorized agent for the prospective Customer) must apply to the Company for a main extension.

Any required or requested main extension to serve a prospective Customer at a preexisting structure will be paid for by the Depositor in accordance with the provisions of the subsections below:

(a) When an extension to serve a prospective Customer is required or requested, such extension will be made under the terms of an "Extension Deposit Agreement". The Company shall have the exclusive right to determine the type, the material, the size, the routing and the location of mains to be installed and the other facilities required to render adequate service. No main(s) smaller than 6" in diameter shall be installed.

(b) The terminal point of the required extension shall be a point in the curb line equidistant from the side building lines of the last building or dwelling to be served. As a further condition of extending the existing distribution mains, the Company shall be provided with, at no cost to the Company, any rights of way, temporary construction easements or permanent construction easements necessary to complete the extension of the distribution mains, Company service line(s), appurtenances and other facilities, or to provide future access for repair, maintenance, replacement, or for other related reasons.

(c) The Company reserves the right to require the Depositor to pay for the extension of the main beyond the last building in a street in order to connect to an existing main which would provide more adequate and reliable service.

(d) The prospective Customer must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive water service from the main extension.

Any required or requested main extension to serve a lot or lots that do not contain an existing residential structure shall be installed by the Builder in accordance with the provisions of Tariff Rule 63.

#### MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS

##### 60. Bona Fide Service Applicants:

(A)(1) Where an adequate water distribution main does not abut a Bona Fide Service Applicant's Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the Bona Fide Service Applicant (or an authorized agent for the Bona Fide Service Applicant) must apply to the Company for a main extension. Such extension will be made under and pursuant to the terms of an Extension Deposit Agreement for the Bona Fide Service Applicant and subject to the applicable provisions of these Rules and Regulations. The construction of facilities to serve such Bona Fide Service Applicant will not commence until an Extension Deposit Agreement for Bona Fide Service Applicant has been executed and all applicable terms and conditions therein have been satisfied by the Applicant.

(2) In conjunction with executing an Extension Deposit Agreement, a Bona Fide Service Applicant shall deposit with the Company an amount totaling \$1,000, representing a Service Line Deposit. Such amount shall be refunded to the Applicant within 90 days after the Applicant's requesting and receiving water service from the Company, provided, however, that if the Applicant does not request connection to the Company's main extension within six months of the completion of the main extension, the Service Line Deposit shall become non-refundable.

(3) Where a proposed main extension is capable of serving multiple structures or facilities and at least 80% of the potential Customers who could receive service from the main extension become Bona Fide service Applicants and satisfy all applicable terms and conditions of the foregoing provisions, the Customer Advance, if any, required of each Bona Fide Service Applicant shall be calculated as if 100% of such potential Customers had become Bona Fide Service Applicants.

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(4) For a period of ten (10) years following completion of the main extension, the Company shall refund to each Bona Fide Service Applicant his/her pro rata share of an amount equal to the Company Contribution for each additional Customer who attaches a service line to the main extension and requests service. No refunds shall be made, however, in those situations where at least 80%, but less than 100%, of the potential Customers who could receive service from the main extension become Bona Fide Service Applicants and their Customer Advances are calculated as if 100% of such potential Customers had participated in the initial funding of the project. In addition, the total amount refunded shall not exceed the amount of the Customer Advance paid by the Bona Fide Service Applicant.

(B)

The Company shall have the exclusive right to determine the type, the material, the size, the routing and the location of mains to be installed and the other facilities required to render adequate service. No main(s) smaller than 6" in diameter shall be installed.

(C)

The terminal point of the required extension shall be a point in the curb line equidistant from the side property lines of the last lot to be served or the side building lines of the last building or dwelling to be served, whichever is greater. As a further condition of extending the existing distribution mains, the Company shall be provided with, at no cost to the Company, any rights of way, temporary construction easements or permanent construction easements necessary to complete the extension of the distribution mains, Company service line(s), appurtenances and other facilities, or to provide future access for repair, maintenance, replacement, or for other related reasons.

(D)

The Bona Fide Service Applicant must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive water service from the main extension.

(E)

Any required or requested main extension to serve an Applicant other than a Bona Fide Service Applicant shall be installed in accordance with the provisions of Tariff Rule 63.

Definitions:

(A) "Bona Fide Service Applicant" shall mean a person or entity applying for General Metered Service to an existing or proposed structure or facility within the Company's certificated service territory, and which is either: (1) the primary residence of the Applicant; (2) a place of business; or (3) a public school, building, library, park or playground which is owned by a governmental unit or school district which has the power of taxation. An Applicant shall not be deemed a Bona Fide Service Applicant if: (1) such Applicant is requesting water service to a building lot, subdivision or a secondary residence; (2) the request for water service is part of a plan for the development of a residential dwelling or subdivision; (3) the request is for service other than the main water supply for the primary residence, such as service for external landscaping or agricultural purposes only; or (4) the Applicant is requesting Special Utility Service. To become an Applicant, a person or entity must file a signed application to connect the qualifying structure or facility with the Company's distribution system and request water service to begin immediately following such connection.

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Canceling Second &amp; Third Revised Page No. 44

(B) "Company Contribution" shall mean that portion of the main extension costs which generate annual line extension costs equal to annual revenue from the line extension and that the Company will fund based upon the following formula, where X equals the Company Contribution attributed to each Bona Fide Applicant:

$$X = \frac{AR - O\&M}{(P * I) + D}; \text{ whereby:}$$

AR = the expected annual revenue from the Bona Fide Service Applicant based upon the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the Bona Fide Service Applicant.

O&M= the average annual operating and maintenance expenses associated with serving an additional customer, including customer accounting, billing and collection, water purchased, power purchased, chemicals, and other variable costs based on the current total company level of such costs, as well as any costs particular to the specific needs of the Bona Fide Service Applicant.

I = the Company's current debt ratio multiplied by its weighted cost of long-term debt; and

D = the Company's depreciation accrual rate for Account No. 322 (Mains and Accessories).

(C) = "Customer Advance" shall mean (1) the Estimated Cost of the water main extension less (2) the Company Contribution.

Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the utility's annual line extension costs.

If the annual revenue from the line extension will not equal or exceed the utility's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the utility's cost of construction for the line extension.

Where a customer advance is required, and the applicant is unable to advance the entire amount due, the company, at its option, must either (1) allow the applicant to pay the advance ratably over a period of not less than three years or (2) assist the applicant in obtaining the necessary financing from an appropriate lending institution so that the applicant can deposit the entire amount due. If the Company chooses option (1), it may require that up to one-third of the total advance be deposited prior to extending its facilities and may recover from the applicant, over the payment term selected, its costs of financing the construction by applying to the amount outstanding interest charges calculated at the then-prevailing residential mortgage lending rate specified by the Secretary of Banking in accordance with the act of January 30, 1974 (P.L. 13, No. 6), known as the Loan Interest and Protection Law.

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Canceling Second & Third Revised Page No. 45

(D) "Special Utility Service" shall mean residential or business service which exceeds that required for ordinary residential purposes. By way of illustration and not limitation, Special Utility Service shall include: the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. An otherwise Bona Fide Service Applicant requesting service which includes a "special utility service" component is entitled to a Bona Fide Service Applicant status, including the corresponding Company contribution toward the costs of the line extension which do not meet the special utility service criteria.

Aqua Pennsylvania, Inc.

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Economic Development Main Extension Policy:

61. The Company may negotiate and enter into customized Extension Deposit Agreements for the purpose of promoting economic development or enhancing the efficiency and operation of the waterworks system. These Agreements may include special provisions that differ from the standard terms of the "Extension Deposit Agreement."

Main Extensions with Governmental Bodies:

62. The Company may negotiate and enter into customized Extension Deposit Agreements with Governmental Agencies where the main extension is for a public purpose, and is funded entirely with public funds. These Agreements may include a waiver of the tax requirements of the "Extension Deposit Agreement," and in such event, the Company will not refund any portion of the cost of the main extension.

63. Main Extensions and Services by Builder:

63.1 In the event any main extension is requested or required to provide service to newly constructed structure(s) to be constructed in the future on existing or subdivided lots, or to preexisting non-residential structures except as provided below, the Builder shall be required to install the water main and service lines through a pre-qualified Contractor retained by the Builder and to pay all costs related thereto. At the sole discretion of the Company, the Company may undertake construction of facilities otherwise subject to this Rule, in which event, the "Extension Deposit Agreement", referred to in the provisions of Rule 59 and Rule 60 pertaining to construction of facilities to serve existing residential structures, shall be applicable except that the Builder will retain financial responsibility for the installation of service lines and appurtenances as specified herein.

Under the provisions of this Rule 63, prior to construction, the Builder must enter into an Agreement, in a form acceptable to the Company, detailing the terms and conditions under which the Company will accept, and provide service through, facilities constructed by Builder. All construction costs, whether initially incurred by the Company or the Builder, related to the main extension shall be the responsibility of the Builder. The Agreement shall contain, at a minimum, the following terms and conditions:

- (a) Main and service line installation work shall be performed in accordance with the specifications and conditions of the Company.
- (b) All costs of material and installation required to serve Builder's lots shall be the responsibility of Builder. Builder shall contract directly with a pre-qualified contractor, recognized and approved by the Company, for all main and service line installation work, and all appurtenances (including fire hydrants) required to serve the project.
- (c) Any specialty material required to interconnect with the Company's existing facilities shall be provided by the Company.



- (d) Any construction involving preexisting facilities of the Company, including but not limited to relocation of existing facilities and connections of mains or services with existing facilities, shall be performed only by the Company.
- (e) Builder's estimate of the cost of construction must be acceptable to the Company. Estimates which appear to be understated may be rejected.
- (f) Builder shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Company shall apply for the permits.
- (g) All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval from Company inspectors.

64 Water System Connection Loan Program:

- A. An Applicant for a new single-family residential service connection under Rule 6 or for a main extension under Rule 59 for single-family residential service, may apply for a loan from the Company to cover Eligible Costs (as defined herein). Any such loan shall be subject to the terms and conditions set forth in this Rule.
- (1) To be eligible for a loan, an Applicant must (a) own a single-family residence which will take water service from the Company; (b) demonstrate an intent to be the continuing Customer of the Company at the residence; and (c) enter into a financing agreement.
- (2) For purposes of this Rule, Eligible Costs include actual costs for (a) a water main extension in accordance with Rule 59; (b) the Customer Service Line; (c) a meter box or vault; (d) shut-off valves and/or back flow devices required under these Rules; (e) alterations of or additions to plumbing within the Customer's residence which are necessary to permit the Customer to take service from the Company; or (f) any other facilities necessary to permit the Customer to take water service from the Company. The maximum principal balance of or a loan made under this Rule will be \$8,000.
- (3) Any such loan shall be subject to the following terms and conditions.
- (a) The existence of a loan made under this Rule does not alter the responsibility of the Customer for maintenance or replacement of the Customer Service Line or any other facilities as determined by the applicable provisions of the Company's Rule(s).
- (b) The initial principal balance of the loan shall be the amount of Eligible Costs which the Customer elects to borrow from the Company. The principal balance of the loan plus interest will be repaid to the Company through a fixed surcharge added to the Customer's regular monthly bill for water service. The surcharge will be reflected as a separate service type for the Customer's account.

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- (c) The customer will enter into a financing agreement with the Company which specifies, inter alia, the initial principal balance of the loan, the applicable interest rate determined in accordance with subsection 3(e) of this Rule, the term of the loan and the amount of the monthly surcharge. The Company in its sole discretion will determine whether a financing agreement should be established for a loan related to facilities owned and maintained by the customer under the applicable provisions of the Company's Rules. The customer will agree to repay the loan over a term selected by the customer, which is no less than three years (36 months) nor greater than 8 years (96 months).
  - (d) Through the surcharge, the customer will make equal monthly installments over the loan term to pay the principal amount of the loan together with daily simple interest on the unpaid balance of the principal amount from time to time outstanding at the applicable rate of interest determined in accordance with subsection 3(e) of this Rule. The customer's payment schedule will amortize the unpaid balance over the loan term. Daily simple interest means that interest is charged each day after applying any payment the customer has made. All payments will be first applied to interest that is due and then to principal and other charges. Prepayment of the loan will be permitted without penalty.
  - (e) The interest rate will be fixed for the term of a loan, at the weighted cost of long term debt. (C)
  - (f) Notwithstanding the provisions of subsection (3)(e), the interest rate shall not exceed 8% per annum. In the event that the weighted cost of long term debt as calculated pursuant to subsection 3(e) would, except for the provisions of this subsection 3(f), exceed 8% per annum, the Company shall have the option to suspend the making of loans under this Rule. (C)
  - (g) A customer account which includes a loan payment surcharge will not be transferred to any tenant or non-owner occupant of the residence for which a loan is made. During the loan term, the owner of the residence will remain the customer in whose name the bill for water service will be issued. If the residence is sold, a new owner who demonstrates an intent to be the continuing customer of the Company at the residence may elect in writing on a form provided by the Company to assume responsibility for the loan payments, subject to the terms of the financing agreement. A copy of the election form will be returned to the Company prior to sale of the residence. If the new owner does not elect in writing on a form provided by the Company to assume responsibility for the loan payments or does not demonstrate an intent to be the continuing customer at the residence, the loan and accrued interest shall become immediately due and payable upon sale of the premises.

**(C) Indicates Change**

- (h) The loan surcharge reflected on Customer bills will be collected by the Company, subject to all provisions of Rules 10 through 17 and 53 regarding billing for water service, terms of payment, late-payment charges and discontinuance of water service for non-payment. A partial payment of a bill for water service shall be first applied to cover the Customer's obligation under the loan and then to charges for other water service.
- B. For accounting purposes, the Company will establish subaccounts in which loan payments shall be recorded. In one subaccount, the Company will record amounts applied to principal and interest for the portion of the loan, if any, which relates to facilities owned and maintained by the Company under the applicable Rules. In another subaccount, the Company will record amounts applied to principal and interest for the portion of the loan, if any, which relates to facilities owned and maintained by the Customer under the applicable Rules. Loan payments shall be allocated between the two subaccounts based upon the relative initial cost of the facilities covered by that subaccount as compared to the total amount of the loan. For each subaccount, amounts received as loan payments will be first applied to interest that is due and then to principal and other charges.
- C. If a loan becomes uncollectible, the unpaid principal balance of the portion of the loan, if any, which relates to facilities owned and maintained by the Company will be recorded as a debit to Contributions-In-Aid-Of-Construction, and as a credit to Accounts Receivable. The unpaid balance of interest with respect to such portion of the loan (as of the time of the debit) shall be recorded as an uncollectible account. The unpaid balance of principal and interest for the portion of a loan, if any, which relates to facilities owned and maintained by the Customer shall be recorded as a non-utility expense.
- D. The Company's capital structure used for rate-making purposes will not include short-term debt issued by the Company to finance loans under this Rule.
65. Pro-ration of Base Rates on Customers' Bills. During a period of changes to base rates, billing of base rates for metered Customers involves proration of the different base rates based on days of invoice. The consumption for the entire period is divided by the number of service days to develop an average consumption per day for purposes of bifurcating the consumptions at the old rate and consumption at the new rate.

**APPENDIX B**

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**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**PROOF OF REVENUES**

AQUA PENNSYLVANIA, INC.

Bryn Mawr, Pennsylvania

PROOF OF REVENUES  
UNDER SETTLEMENT RATES



***Gannett Fleming***  
***Valuation and Rate Division***

*Excellence Delivered As Promised*

AQUA PENNSYLVANIA, INC.

COMPARISON OF PRO FORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND SETTLEMENT RATES  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

Customer Classification (1)	Pro Forma Cost of Service, as of June 30, 2012		Pro Forma Revenues Under Present Rates		Pro Forma Revenues Under Settlement Rates		Settlement Increase	
	Amount (2)	Percent of Total (3)	Amount (4)	Percent of Total (5)	Amount (6)	Percent of Total (7)	Amount (8)	Percent Increase (9)
Residential	\$ 294,158,621	67.0%	\$ 269,884,569	67.3%	\$ 281,502,173	67.5%	\$ 11,617,604	4.30%
Commercial	101,664,052	23.1%	91,134,244	22.7%	95,001,458	22.8%	3,867,214	4.24%
Industrial	16,912,180	3.9%	14,247,725	3.6%	14,928,506	3.6%	680,781	4.78%
Public	8,357,030	1.9%	7,374,710	1.8%	7,892,701	1.9%	517,991	7.02%
Other Water Utilities	753,888	0.2%	675,154	0.2%	725,516	0.2%	50,362	7.46%
Private Fire Protection	11,523,598	2.6%	12,069,260	3.0%	11,389,801	2.7%	(679,459)	-5.63%
Public Fire Protection	5,832,440	1.3%	5,559,321	1.4%	5,832,440	1.4%	273,119	4.91%
Total Tariff Sales of Water	439,201,809	100.0%	400,944,982	100.0%	417,272,595	100.0%	16,327,613	4.07%
Contract Sales - Industrial	2,895,073		2,827,752		2,895,073		67,321	2.38%
Contract Sales - Public	1,055,852		908,835		1,055,852		147,017	16.18%
Contract Sales - OWU	2,213,699		2,120,647		2,213,699		93,052	4.39%
Total Sales of Water	445,366,433		406,802,216		423,437,219		16,635,003	4.09%
Other Water Revenues	2,122,045		2,057,475		2,122,045		64,570	3.14%
Total	\$ 447,488,478		\$ 408,859,691		\$ 425,559,264		\$ 16,699,573	4.08%

AQUA PENNSYLVANIA, INC.

CONSOLIDATED DIVISIONS  
SUMMARY OF PRO FORMA REVENUES UNDER SETTLEMENT RATES FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

Classification (1)	Revenues Excluding Adjs. Under Present Rates* (2)	Test Year Revenue Increase Under Settlement Rates (3)=(4)-(2)	Application of Settlement Rates To Consumption Analysis, Schedule 2 (4)	Test Year Revenues Under Settlement Rates (5)=(4)	Pro Forma Adjustments Under Settlement Rates		Pro Forma Revenues Under Settlement Rates (8)=(5)+(6)+(7)
					Historic Test Year (6)	Future Test Year (7)	
<b>Metered Sales:</b>							
Residential	\$ 269,496,585	\$ 11,601,491	\$ 281,098,076	\$ 281,098,076	\$ 134,699	\$ 269,398	\$ 281,502,173
Commercial	91,520,953	3,900,758	95,421,711	95,421,711	73,673	(493,926)	95,001,458
Industrial	17,464,621	768,765	18,233,386	18,233,386	233	(410,040)	17,823,579
Public	8,280,077	656,695	8,936,772	8,936,772	3,927	7,854	8,948,553
Other Water Utilities	2,795,801	143,414	2,939,215	2,939,215			2,939,215
Private Fire Protection	11,032,995	(614,205)	10,418,790	10,418,790			10,418,790
Total Metered Sales	400,591,031	16,456,919	417,047,950	417,047,950	212,532	(626,714)	416,633,768
<b>Unmetered Sales:</b>							
Private Fire Hydrants	1,036,265	(65,254)	971,011	971,011	-	-	971,011
Public Fire Hydrants	5,559,321	273,119	5,832,440	5,832,440	-	-	5,832,440
Total	\$ 407,186,617	\$ 16,664,784	\$ 423,851,401	\$ 423,851,401	\$ 212,532	\$ (626,714)	\$ 423,437,219

\* Application of present rates to the test year consumption analysis. See Exhibit No. 5-A, Part II, Schedule 1, column 5.

AQUA PENNSYLVANIA, INC.

SUMMARY OF APPLICATION OF SETTLEMENT RATES  
TO CUSTOMER CONSUMPTION ANALYSIS FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

Rate Division (1)	Div. Ref.	Residential (2)	Commercial (3)	Industrial (4)	Public (5)	Other Water Utilities (6)	Total Metered Sales (7)
Main	1	\$ 238,459,759	\$ 79,284,645	\$10,309,507	\$5,615,406	\$ 725,516	\$334,394,833
Other Main	9	26,374,894	7,424,634	4,599,559	1,813,248		\$ 40,212,335
Bensalem	15	10,358,430	7,720,735	372,953	390,707		18,842,825
Chalfont	19	1,204,339	142,625	18,086	14,977		1,380,027
Hedgerow	20	119,625					119,625
Western, Fawn, Woodledge	34	880,305	23,736				904,041
White Haven	41	270,734	50,156				320,890
Pinecrest	45	131,091					131,091
Eagle Rock	47	412,890	43,816				456,706
Woodloch Pines - Full Tariff	61		85,678				85,678
Marienville/Applewood	62	206,557	62,481	770			269,808
Oakland Beach	82	384,938	28,502	7,118			420,558
Country Club Gardens	87	229,116	2,619				231,735
Cove Village	88	80,141	2,447				82,588
Paupaken Lake	89	9,707					9,707
Clarendon	90	156,637	22,472				179,109
CS Water (Masthope)	91	498,142	5,221				503,363
Emlenton	93	189,106	57,764	18,469			265,339
Lakeside Acres	95	98,642	4,603				103,245
Washington Park-Sleepy Hollow	96	107,956	15,498				123,454
Kratzerville	98	77,858	812				78,670
Honesdale	99	847,209	443,267	11,851	46,582		1,348,909
<b>Total Metered Sales</b>		<b>\$ 281,098,076</b>	<b>\$ 95,421,711</b>	<b>\$15,338,313</b>	<b>\$7,880,920</b>	<b>\$ 725,516</b>	<b>\$400,464,536</b>
Contract Sales				2,895,073	1,055,852	2,213,699	6,164,624
<b>Total Proposed Revenue</b>		<b>\$ 281,098,076</b>	<b>\$ 95,421,711</b>	<b>\$18,233,386</b>	<b>\$8,936,772</b>	<b>\$2,939,215</b>	<b>\$406,629,160</b>



AQUA PENNSYLVANIA, INC.

SUMMARY OF APPLICATION OF SETTLEMENT RATES  
TO CUSTOMER CONSUMPTION ANALYSIS FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

Rate Division (1)	Div. Ref.	Residential (2)	Commercial (3)	Industrial (4)	Public (5)	Other Water Utilities (6)	Total Metered Sales (7)
<u>Pro Forma Adjustments</u>							
<u>Load Growth - HTY</u>							
Main		120,519	84,851	233	(3,317)		202,286
Fawn Lake		10,182					10,182
Applewood/Marienville		1,848	1,463				3,311
Cove village		498	153				651
Emlenton		(855)	1,868				1,013
Honesdale		(5,948)	(13,454)	-	7,244		(12,158)
Kratzerville		(731)	(259)				(990)
Washington Park		671					671
White Haven			669				669
CS Water		6,453	(538)				5,915
Oakland Beach		2,062	(1,080)				982
Subtotal HTY Adjs.		<u>134,699</u>	<u>73,673</u>	<u>233</u>	<u>3,927</u>	<u>-</u>	<u>212,532</u>
<u>Load Growth - FTY</u>							
Main		241,038	169,702	466	(6,634)		404,572
Main - Specific Customer Adj.			(641,272)	(410,506)			(1,051,778)
Fawn Lake		20,364	-	-	-		20,364
Applewood/Marienville		3,696	2,926	-	-		6,622
Cove village		996	306	-	-		1,302
Emlenton		(1,710)	3,736	-	-		2,026
Honesdale		(11,896)	(26,908)	-	14,488		(24,316)
Kratzerville		(1,462)	(518)	-	-		(1,980)
Washington Park		1,342	-	-	-		1,342
White Haven		-	1,338	-	-		1,338
CS Water		12,906	(1,076)	-	-		11,830
Oakland Beach		4,124	(2,160)	-	-		1,964
Subtotal FTY Adjs.		<u>269,398</u>	<u>(493,926)</u>	<u>(410,040)</u>	<u>7,854</u>	<u>-</u>	<u>(626,714)</u>
Total Pro Forma Revenues Under Proposed Rates		<u>\$281,502,173</u>	<u>\$95,001,458</u>	<u>\$17,823,579</u>	<u>\$8,948,553</u>	<u>\$2,939,215</u>	<u>\$406,214,978</u>

AQUA PENNSYLVANIA, INC.  
APPLICATION OF SETTLEMENT RATES TO METERED PRIVATE FIRE CUSTOMERS AS OF JUNE 30, 2012

<u>Division</u>	<u>5/8-inch</u>	<u>1-inch</u>	<u>1 1/2-inch</u>	<u>2-inch</u>	<u>3-inch</u>	<u>4-inch</u>	<u>6-inch</u>	<u>8-inch</u>	<u>10-inch</u>	<u>12-inch</u>	<u>Usage 100 Gals.</u>	<u>Total</u>
<b><u>Number of Units</u></b>												
Main	-	53	148	202	1	1,506	1,881	700	33	2	464,601	
Bristol	-	5	1	8	-	18	54	31	3	-	2,049	
Bensalem	-	2	-	4	-	29	127	60	4	-	13,801	
Chalfont	-	-	-	-	-	6	9	-	-	-	3	
Roaring Creek	-	-	-	-	1	16	22	25	2	-	300	
Honesdale	-	-	-	-	-	5	8	6	-	-	-	
<b>Total</b>	<b>-</b>	<b>60</b>	<b>149</b>	<b>214</b>	<b>2</b>	<b>1,580</b>	<b>2,101</b>	<b>822</b>	<b>42</b>	<b>2</b>	<b>480,754</b>	
<b><u>Settlement Rates</u></b>												
Main Rates	\$ 5.60	\$ 5.60	\$ 12.80	\$ 31.70	\$ 51.50	\$ 87.20	\$ 192.00	\$ 335.00	\$ 510.00	\$ 1,413.00	\$ 1.0000	
Bensalem Rates	\$ 5.60	\$ 5.60	\$ 12.80	\$ 31.70	\$ 51.50	\$ 67.90	\$ 120.00	\$ 180.00	\$ 260.00		\$ 0.8800	
Bristol Usage											\$ 1.0000	
Chalfont Usage											\$ 0.7100	
Honesdale Rates	\$ 5.60	\$ 5.60	\$ 12.80	\$ 31.70	\$ 51.50	\$ 67.90	\$ 120.00	\$ 180.00	\$ 510.00			
<b><u>Settlement Rate Revenue</u></b>												
Main	\$ -	\$ 3,562	\$ 22,733	\$ 76,841	\$ 618	\$ 1,575,878	\$ 4,333,824	\$ 2,814,000	\$ 201,960	\$ 33,912	\$ 464,601	\$ 9,527,929
Bristol	-	336	154	3,043	-	18,835	124,416	124,620	18,360	-	2,049	291,813
Bensalem	-	134	-	1,522	-	23,629	182,880	129,600	12,480	-	12,145	362,390
Chalfont	-	-	-	-	-	6,278	20,736	-	-	-	2	27,016
Roaring Creek	-	-	-	-	618	16,742	50,688	100,500	12,240	-	300	181,088
Honesdale	-	-	-	-	-	4,074	11,520	12,960	-	-	-	28,554
<b>Total</b>	<b>\$ -</b>	<b>\$ 4,032</b>	<b>\$ 22,887</b>	<b>\$ 81,406</b>	<b>\$ 1,236</b>	<b>\$ 1,645,436</b>	<b>\$ 4,724,064</b>	<b>\$ 3,181,680</b>	<b>\$ 245,040</b>	<b>\$ 33,912</b>	<b>\$ 479,097</b>	<b>\$ 10,418,790</b>

## AQUA PENNSYLVANIA, INC.

APPLICATION OF PRESENT AND SETTLEMENT RATES TO  
PRIVATE AND PUBLIC FIRE HYDRANTS AS OF JUNE 30, 2012

Description	Number of Hydrants	Under Present Rates		Under Proposed Rates	
		Rate	Revenue	Rate	Revenue
<b>Private Fire Hydrants:</b>					
Main	1,319.50	\$54.60	\$ 864,536	\$54.60	\$ 864,536
Main, Qualified Private Hydrant	-	25.25	-	25.25	-
Bristol	1.00	54.60	655	54.60	655
Bensalem	1.25	48.00	720	48.00	720
Roaring Creek	42.25	54.60	27,682	54.60	27,682
Fawn Lake	82.00	24.00	23,616	26.40	25,978
Eagle Rock	174.00	18.00	37,584	19.80	41,342
Honesdale	27.50	27.80	9,174	30.60	10,098
<b>Total Private Fire</b>	<b>1,647.50</b>		<b>\$ 963,967</b>		<b>\$ 971,011</b>
<b>Total with 7.5% DSIC</b>			<b>\$ 1,036,265</b>		
<b>Public Fire Hydrants:</b>					
Main Division	11,344.50	\$25.25	\$ 3,437,384	\$25.25	\$ 3,437,384
Media	741.75	42.25	376,067	42.25	376,067
Brad. Glen/ L. Wash.	61.00	29.06	21,272	29.06	21,272
Malvern	63.00	22.00	16,632	22.00	16,632
Schuylkill	69.00	22.50	18,630	22.50	18,630
West Chester	408.00	22.92	112,216	22.92	112,216
Cost of Service @ 25%	3,978.25	19.00	907,041	22.00	1,050,258
White Rock/Midway Manor	98.25	16.20	19,100	22.00	25,938
Other Divisions @ Main Rate	409.00	25.25	123,927	25.25	123,927
Bristol	527.50	14.18	89,759	19.00	120,270
Bensalem	1,392.25	10.91	182,273	14.73	246,094
Chalfont	20.00	14.46	3,470	19.00	4,560
Roaring Creek	869.00	20.42	212,940	22.00	229,416
NUI - II	20.00	16.20	3,888	22.00	5,280
Fawn Lake	3.00	16.20	583	22.00	792
Pinecrest	47.00	16.20	9,137	22.00	12,408
Emlenton	7.00	16.20	1,361	22.00	1,848
NUI III/Onieda	5.00	16.20	972	22.00	1,320
Kratzerville	18.00	13.95	3,013	19.00	4,104
Honesdale	91.00	18.00	19,656	22.00	24,024
<b>Total Public Fire</b>	<b>20,172.50</b>		<b>\$ 5,559,321</b>		<b>\$ 5,832,440</b>

AQUA PENNSYLVANIA, INC.  
01-MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	3,323,457	0	16.00	53,175,312
3/4	113,747	0	27.50	3,128,043
1	60,587	0	46.70	2,829,413
1-1/2	1,719	0	89.90	154,538
2	814	0	127.90	104,111
3	34	0	257.00	8,738
4	1	0	418.00	418
6	12	0	862.00	10,344
5/8,3/4	1,074	0	18.21	19,558
5/8,1	91,578	0	18.56	1,699,688
5/8,1-1/2	33,332	0	21.89	729,637
5/8,2	376	0	24.00	9,024
3/4,1	2,247	0	30.06	67,545
3/4,1-1/2	3,500	0	33.39	116,865
3/4,2	154	0	35.50	5,467
1,1	1,008	0	49.26	49,654
1,1-1/2	2,756	0	52.59	144,938
1,2	536	0	54.70	29,319
	3,636,932	0		62,282,612
FIRST	20	0	65,740,085	.9071 59,632,831
OVER	20	0	112,581,449	1.0352 116,544,316
		0	178,321,534	176,177,147
SUBTOTAL	3,636,932	178,321,534		238,459,759

AQUA PENNSYLVANIA, INC.  
01-MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	79,864	0	16.00	1,277,824
3/4	16,369	0	27.50	450,148
1	28,310	0	46.70	1,322,077
1-1/2	20,450	0	89.90	1,838,455
2	23,286	0	127.90	2,978,279
3	5,571	0	257.00	1,431,747
4	3,552	0	418.00	1,484,736
6	1,216	0	862.00	1,048,192
8	308	0	1,508.00	464,464
10	36	0	2,229.00	80,244
	178,962	0		12,376,166
FIRST 100	0	10,408,960	1.0000	10,408,960
NEXT 233	0	12,100,824	.8785	10,630,574
NEXT 3,000	0	37,880,677	.7288	27,607,437
OVER 3,333	0	27,386,785	.6668	18,261,508
	0	87,777,246		66,908,479
SUBTOTAL	178,962	87,777,246		79,284,645

INDUSTRIAL - MONTHLY

SERVICE CHGS				
5/8	2,101	0	16.00	33,616
3/4	543	0	27.50	14,933
1	1,757	0	46.70	82,052
1-1/2	623	0	89.90	56,008
2	1,462	0	127.90	186,990
3	299	0	257.00	76,843
4	546	0	418.00	228,228
6	261	0	862.00	224,982
8	78	0	1,508.00	117,624
10	36	0	2,229.00	80,244
	7,706	0		1,101,520

AQUA PENNSYLVANIA, INC.  
01-MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION. (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
FIRST 100	0	477,173	1.0000	477,173
NEXT 233	0	569,187	.8785	500,031
NEXT 3,000	0	2,635,413	.7288	1,920,689
NEXT 30,000	0	6,377,777	.6668	4,252,702
NEXT 66,667	0	3,140,598	.6052	1,900,690
OVER 100,000	0	323,630	.4842	156,702
	0	13,523,778		9,207,987
SUBTOTAL	7,706	13,523,778		10,309,507
PUBLIC - MONTHLY				
SERVICE CHGS				
5/8	3,639	0	16.00	58,224
3/4	1,159	0	27.50	31,873
1	2,506	0	46.70	117,030
1-1/2	1,153	0	89.90	103,655
2	2,242	0	127.90	286,752
3	1,309	0	257.00	336,413
4	924	0	418.00	386,232
6	144	0	862.00	124,128
8	85	0	1,508.00	128,180
5/8, 1-1/2	11	0	21.89	241
	13,172	0		1,572,728
FIRST 100	0	673,884	1.0000	673,884
NEXT 233	0	816,056	.8785	716,905
NEXT 3,000	0	2,584,623	.7288	1,883,673
OVER 3,333	0	1,152,093	.6668	768,216
	0	5,226,656		4,042,678
SUBTOTAL	13,172	5,226,656		5,615,406

AQUA PENNSYLVANIA, INC.  
01-MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
SALES TO OTHER WATER UTILITIES - MONTHLY				
SERVICE CHGS				
5/8	4	0	16.00	64
4	26	0	418.00	10,868
	30	0		10,932
OVER	0	46,425	.8833	41,007
SUBTOTAL	30	46,425		51,939

INDUSTRIAL CONTRACT - MONTENAY

SERVICE CHGS				
6	12	0	862.00	10,344
OVER	0	2,044,600	.2416	493,975
SUBTOTAL	12	2,044,600		504,319

SALES TO OTHER WATER UTILITIES - BRISTOL

SERVICE CHGS				
8	12	0	1,508.00	18,096
10	12	0	2,229.00	26,748
	24	0		44,844
OVER	0	912,530	.6890	628,733
SUBTOTAL	24	912,530		673,577

AQUA PENNSYLVANIA, INC.  
01-MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL CONTRACT - LIBERTY POWER				
SERVICE CHGS 10	12	0	85,599.87	1,027,198
OVER 0	0	7,216,900	.0927	669,007
SUBTOTAL	12	7,216,900		1,696,205
OTHER WATER UTILITIES CONTRACT - SCHWENKSVILLE				
SERVICE CHGS 3	12	0	257.00	3,084
OVER 0	0	235,906	.43830	103,398
SUBTOTAL	12	235,906		106,482
OTHER WATER UTILITIES CONTRACT - WARWICK				
MINS & ALLOWS 8 182,500	12	2,190,000	45,262.25	543,147
OVER ALLOWANCE UP TO 243,333	0	553,355	.2194	121,406
OVER 243,333	0	225,005	.2132	47,971
	0	778,360		169,377
SUBTOTAL	12	2,968,360		712,524



AQUA PENNSYLVANIA, INC.  
01-MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
OTHER WATER UTILITIES CONTRACT - HORSHAM				
SERVICE CHGS 3	12	0	257.00	3,084
OVER 0	0	1,060,790	.3044	322,904
SUBTOTAL	12	1,060,790		325,988
OTHER WATER UTILITIES CONTRACT - BUCKS COUNTY				
SERVICE CHGS 8	12	0	1,508.00	18,096
OVER 0	0	105,670	.3526	37,259
SUBTOTAL	12	105,670		55,355
TOTAL	3,836,898	299,440,395		337,795,706

AQUA PENNSYLVANIA, INC.  
09-OTHER MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)	
RESIDENTIAL - MONTHLY					
SERVICE CHGS					
5/8	519,185	0	16.00	8,306,960	
3/4	7,387	0	27.50	203,143	
1	1,302	0	46.70	60,803	
1-1/2	107	0	89.90	9,619	
2	48	0	127.90	6,139	
3	12	0	257.00	3,084	
4	6	0	418.00	2,508	
	528,047	0		8,592,256	
FIRST	20	0	8,707,742	.9071	7,898,793
OVER	20	0	9,547,764	1.0352	9,883,845
		0	18,255,506		17,782,638
SUBTOTAL	528,047	18,255,506		26,374,894	
COMMERCIAL - MONTHLY					
SERVICE CHGS					
5/8	23,533	0	16.00	376,528	
3/4	3,316	0	27.50	91,190	
1	3,841	0	46.70	179,375	
1-1/2	2,346	0	89.90	210,905	
2	3,125	0	127.90	399,688	
3	311	0	257.00	79,927	
4	159	0	418.00	66,462	
6	68	0	862.00	58,616	
8	12	0	1,508.00	18,096	
10	12	0	2,229.00	26,748	
	36,723	0		1,507,535	
FIRST	100	0	1,613,160	1.0000	1,613,160
NEXT	233	0	1,404,693	.8785	1,234,023
NEXT	3,000	0	3,212,882	.7288	2,341,548
OVER	3,333	0	1,092,333	.6668	728,368
		0	7,323,068		5,917,099
SUBTOTAL	36,723	7,323,068		7,424,634	

AQUA PENNSYLVANIA, INC.  
09-OTHER MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE CHGS				
5/8	303	0	16.00	4,848
3/4	48	0	27.50	1,320
1	121	0	46.70	5,651
1-1/2	96	0	89.90	8,630
2	204	0	127.90	26,092
3	60	0	257.00	15,420
4	48	0	418.00	20,064
6	24	0	862.00	20,688
	904	0		102,713
FIRST 100	0	49,864	1.0000	49,864
NEXT 233	0	60,962	.8785	53,555
NEXT 3,000	0	424,115	.7288	309,095
NEXT 30,000	0	2,032,751	.6668	1,355,438
NEXT 66,667	0	1,735,661	.6052	1,050,422
OVER 100,000	0	3,466,484	.4842	1,678,472
	0	7,769,837		4,496,846
SUBTOTAL	904	7,769,837		4,599,559
PUBLIC - MONTHLY				
SERVICE CHGS				
5/8	29	0	16.00	464
2	96	0	127.90	12,278
4	12	0	418.00	5,016
6	24	0	862.00	20,688
8	12	0	1,508.00	18,096
	173	0		56,542
FIRST 100	0	11,815	1.0000	11,815
NEXT 233	0	23,073	.8785	20,270
NEXT 3,000	0	176,270	.7288	128,466
OVER 3,333	0	2,393,753	.6668	1,596,155
	0	2,604,911		1,756,706
SUBTOTAL	173	2,604,911		1,813,248

AQUA PENNSYLVANIA, INC.  
09-OTHER MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL CONTRACT - MT. CARMEL				
MINS & ALLOWS 6 125,000	12	1,500,000	33,500.00	402,000
OVER ALLOWANCE OVER 125,000	0	1,091,600	.268	292,549
SUBTOTAL	12	2,591,600		694,549
PUBLIC CONTRACT - SCI FOREST COUNTY PRISON				
MINS & ALLOWS 4 91,250	12	882,042	61,114.15	733,370
OVER ALLOWANCE UP TO 100	0	0	1.0000	0
NEXT 233	0	0	.8785	0
NEXT 3,000	0	0	.7288	0
OVER 3,333	0	0	.6668	0
	0	0		0
SUBTOTAL	12	882,042		733,370
PUBLIC CONTRACT - CANAAN FEDERAL PRISON				
MINS & ALLOWS 10 45,000	12	540,000	22,934.38	275,213
OVER ALLOWANCE OVER 45,000	0	369,000	.1281	47,269
SUBTOTAL	12	909,000		322,482

AQUA PENNSYLVANIA, INC.  
09-OTHER MAIN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
OTHER WATER UTILITIES CONTRACT - NEW WILMINGTON				
SERVICE CHGS 4	12	0	418.00	5,016
OVER	0	694,740	.5642	391,972
SUBTOTAL	12	694,740		396,988
OTHER WATER UTILITIES CONTRACT - MASURY WATER COMPANY				
SERVICE CHGS 10	12	0	862.00	10,344
OVER	0	827,195	.17060	141,119
SUBTOTAL	12	827,195		151,463
OTHER WATER UTILITIES CONTRACT - BOROUGH OF SHARPSVILLE				
SERVICE CHGS 8	24	0	1,508.00	36,192
OVER	0	1,901,140	.2255	428,707
SUBTOTAL	24	1,901,140		464,899
TOTAL	565,931	43,759,039		42,976,086

AQUA PENNSYLVANIA, INC.  
15-BENSALEM DIVISION

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)	
RESIDENTIAL - MONTHLY					
SERVICE CHGS					
5/8	172,210	0	16.00	2,755,360	
3/4	230	0	27.50	6,325	
1	130	0	46.70	6,071	
1-1/2	12	0	89.90	1,079	
2	22	0	127.90	2,814	
	172,604	0		2,771,649	
OVER	0	8,621,342	.8800	7,586,781	
SUBTOTAL	172,604	8,621,342		10,358,430	
COMMERCIAL - MONTHLY					
SERVICE CHGS					
5/8	7,965	0	16.00	127,440	
3/4	695	0	27.50	19,113	
1	1,710	0	46.70	79,857	
1-1/2	2,133	0	89.90	191,757	
2	1,846	0	127.90	236,103	
3	350	0	257.00	89,950	
4	250	0	418.00	104,500	
6	217	0	862.00	187,054	
8	57	0	1,508.00	85,956	
	15,223	0		1,121,730	
FIRST	100	0	900,338	.8800	792,297
NEXT	233	0	1,215,517	.8800	1,069,655
NEXT	3,000	0	4,004,578	.7288	2,918,536
OVER	3,333	0	2,727,230	.6668	1,818,517
		0	8,847,663		6,599,005
SUBTOTAL	15,223	8,847,663		7,720,735	

AQUA PENNSYLVANIA, INC.  
15-BENSALEM DIVISION

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE CHGS				
5/8	239	0	16.00	3,824
3/4	82	0	27.50	2,255
1	224	0	46.70	10,461
1-1/2	108	0	89.90	9,709
2	72	0	127.90	9,209
3	60	0	257.00	15,420
4	38	0	418.00	15,884
	823	0		66,762
FIRST 100	0	47,557	.8800	41,850
NEXT 233	0	51,600	.8800	45,408
NEXT 3,000	0	184,518	.7288	134,477
NEXT 30,000	0	126,658	.6668	84,456
NEXT 66,667	0	0	.6052	0
OVER 100,000	0	0	.4842	0
	0	410,333		306,191
SUBTOTAL	823	410,333		372,953
PUBLIC - MONTHLY				
SERVICE CHGS				
5/8	324	0	16.00	5,184
3/4	12	0	27.50	330
1	47	0	46.70	2,195
1-1/2	36	0	89.90	3,236
2	144	0	127.90	18,418
3	129	0	257.00	33,153
4	95	0	418.00	39,710
	787	0		102,226
FIRST 100	0	52,015	.8800	45,773
NEXT 233	0	67,382	.8800	59,296
NEXT 3,000	0	169,521	.7288	123,547
OVER 3,333	0	89,779	.6668	59,865
	0	378,697		288,481
SUBTOTAL	787	378,697		390,707
TOTAL	189,437	18,258,035		18,842,825

AQUA PENNSYLVANIA, INC.  
19-CHALFONT DIVISION

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	25,283	0	15.00	379,245
3/4	24	0	15.00	360
1	36	0	21.40	770
2	12	0	71.00	852
5/8, 1-1/2	24	0	21.89	525
	25,379	0		381,752
OVER	0	1,158,573	.7100	822,587
SUBTOTAL	25,379	1,158,573		1,204,339
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	1,111	0	15.00	16,665
3/4	25	0	15.00	375
1	460	0	21.40	9,844
1-1/2	85	0	35.50	3,018
2	72	0	71.00	5,112
3	11	0	213.10	2,344
	1,764	0		37,358
OVER	0	148,263	.7100	105,267
SUBTOTAL	1,764	148,263		142,625



AQUA PENNSYLVANIA, INC.  
19-CHALFONT DIVISION

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE CHGS				
5/8	12	0	15.00	180
1	12	0	21.40	257
2	47	0	71.00	3,337
	71	0		3,774
OVER 0	0	20,158	.7100	14,312
SUBTOTAL	71	20,158		18,086
PUBLIC - MONTHLY				
SERVICE CHGS				
5/8	24	0	15.00	360
2	10	0	71.00	710
4	24	0	227.50	5,460
	58	0		6,530
OVER 0	0	11,897	.7100	8,447
SUBTOTAL	58	11,897		14,977
TOTAL	27,272	1,338,891		1,380,027

AQUA PENNSYLVANIA, INC.  
20-HEDGEROW DIVISION

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	2,060	0	16.00	32,960
FIRST	20	0	.9071	34,804
OVER	20	0	1.0352	51,861
		0		86,665
SUBTOTAL	2,060	88,466		119,625
TOTAL	2,060	88,466		119,625

AQUA PENNSYLVANIA, INC.  
34-WESTERN, FAWN LAKE, AND WOODLEDGE VILLAGE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	19,736	0	26.00	513,136
FIRST 40	0	373,254	.7212	269,191
OVER 40	0	94,646	1.0352	97,978
	0	467,900		367,169
SUBTOTAL	19,736	467,900		880,305
COMMERCIAL - MONTHLY				
SERVICE CHGS 5/8	83	0	26.00	2,158
1	36	0	46.70	1,681
2	27	0	127.90	3,453
	146	0		7,292
FIRST 100	0	4,979	1.0000	4,979
NEXT 233	0	3,701	.8785	3,251
NEXT 3,000	0	10,704	.7288	7,801
OVER 3,333	0	619	.6668	413
	0	20,003		16,444
SUBTOTAL	146	20,003		23,736
TOTAL	19,882	487,903		904,041

AQUA PENNSYLVANIA, INC.  
41-WHITE HAVEN

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	5,404	0	16.00	86,464
1-1/2	12	0	89.90	1,079
	5,416	0		87,543
FIRST 20	0	91,980	.9071	83,435
OVER 20	0	96,364	1.0352	99,756
	0	188,344		183,191
SUBTOTAL	5,416	188,344		270,734
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	409	0	16.00	6,544
1	48	0	46.70	2,242
1-1/2	12	0	89.90	1,079
2	12	0	127.90	1,535
	481	0		11,400
FIRST 100	0	18,070	1.0000	18,070
NEXT 233	0	9,320	.8785	8,188
NEXT 3,000	0	17,084	.7288	12,451
OVER 3,333	0	71	.6668	47
	0	44,545		38,756
SUBTOTAL	481	44,545		50,156
TOTAL	5,897	232,889		320,890

AQUA PENNSYLVANIA, INC.  
45-PINECREST

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	3,386	0	26.00	88,036
FIRST 40	0	41,495	.7212	29,926
OVER 40	0	12,683	1.0352	13,129
	0	54,178		43,055
SUBTOTAL	3,386	54,178		131,091
TOTAL	3,386	54,178		131,091

AQUA PENNSYLVANIA, INC.  
47-EAGLE ROCK

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	9,817	0	26.00	255,242
1	24	0	46.70	1,121
	9,841	0		256,363
FIRST 40	0	168,408	.7212	121,456
OVER 40	0	33,878	1.0352	35,071
	0	202,286		156,527
SUBTOTAL	9,841	202,286		412,890
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	144	0	26.00	3,744
1	18	0	46.70	841
1-1/2	21	0	89.90	1,888
2	103	0	127.90	13,174
	286	0		19,647
FIRST 100	0	11,845	1.0000	11,845
NEXT 233	0	10,192	.8785	8,954
NEXT 3,000	0	4,624	.7288	3,370
OVER 3,333	0	0	.6668	0
	0	26,661		24,169
SUBTOTAL	286	26,661		43,816
TOTAL	10,127	228,947		456,706

AQUA PENNSYLVANIA, INC.  
60-WOODLOCH PINES

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - MONTHLY				
SERVICE CHGS 2	12	0	127.90	1,535
FIRST 100	0	1,200	1.0000	1,200
NEXT 233	0	2,796	.8785	2,456
NEXT 3,000	0	36,000	.7288	26,237
OVER 3,333	0	81,358	.6668	54,250
	0	121,354		84,143
SUBTOTAL	12	121,354		85,678
TOTAL	12	121,354		85,678

AQUA PENNSYLVANIA, INC.  
62-MARIENVILLE AND APPLEWOOD

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	4,379	0	16.00	70,064
3/4	12	0	27.50	330
1	41	0	46.70	1,915
2	24	0	127.90	3,070
	4,456	0		75,379
FIRST	20	0	.9071	58,659
OVER	20	0	1.0352	72,519
		0		131,178
SUBTOTAL	4,456	134,720		206,557
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	104	0	16.00	1,664
1	20	0	46.70	934
1-1/2	22	0	89.90	1,978
2	36	0	127.90	4,604
	182	0		9,180
FIRST	100	0	1.0000	12,470
NEXT	233	0	.8785	13,171
NEXT	3,000	0	.7288	27,649
OVER	3,333	0	.6668	11
		0		53,301
SUBTOTAL	182	65,418		62,481



AQUA PENNSYLVANIA, INC.  
62-MARIENVILLE AND APPLEWOOD

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE. CHGS				
1	12	.0	46.70	560
FIRST 100	0	210	1.0000	210
NEXT 233	0	0	.8785	0
NEXT 3,000	0	0	.7288	0
NEXT 30,000	0	0	.6668	0
NEXT 66,667	0	0	.6052	0
OVER 100,000	0	0	.4842	0
	0	210		210
SUBTOTAL	12	210		770
TOTAL	4,650	200,348		269,808

AQUA PENNSYLVANIA, INC.  
82-OAKLAND BEACH

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)	
RESIDENTIAL - MONTHLY					
SERVICE CHGS					
5/8	9,387	0	23.50	220,595	
3/4	118	0	23.50	2,773	
1	49	0	46.70	2,288	
	9,554	0		225,656	
FIRST	40	0	157,027	.7212	113,248
OVER	40	0	51,366	.8962	46,034
		0	208,393		159,282
SUBTOTAL	9,554	208,393		384,938	
COMMERCIAL - MONTHLY					
SERVICE CHGS					
5/8	201	0	23.50	4,724	
3/4	12	0	23.50	282	
1	24	0	46.70	1,121	
1-1/2	12	0	89.90	1,079	
	249	0		7,206	
FIRST	100	0	9,103	1.0000	9,103
NEXT	233	0	7,258	.8785	6,376
NEXT	3,000	0	7,982	.7288	5,817
OVER	3,333	0	0	.6668	0
		0	24,343		21,296
SUBTOTAL	249	24,343		28,502	

AQUA PENNSYLVANIA, INC.  
82-OAKLAND BEACH

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE CHGS 5/8	12	0	23.50	282
FIRST 100	0	1,200	1.0000	1,200
NEXT 233	0	2,796	.8785	2,456
NEXT 3,000	0	4,364	.7288	3,180
NEXT 30,000	0	0	.6668	0
NEXT 66,667	0	0	.6052	0
OVER 100,000	0	0	.4842	0
	0	8,360		6,836
SUBTOTAL	12	8,360		7,118
TOTAL	9,815	241,096		420,558

AQUA PENNSYLVANIA, INC.  
87-COUNTRY CLUB GARDENS

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	4,953	0	15.00	74,295
1	24	0	30.00	720
	4,977	0		75,015
FIRST 20	0	94,503	.5000	47,252
OVER 20	0	178,082	.6000	106,849
	0	272,585		154,101
SUBTOTAL	4,977	272,585		229,116
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	12	0	15.00	180
FIRST 100	0	1,200	.7000	840
NEXT 233	0	2,216	.7000	1,551
NEXT 3,000	0	68	.7000	48
OVER 3,333	0	0	.7000	0
	0	3,484		2,439
SUBTOTAL	12	3,484		2,619
TOTAL	4,989	276,069		231,735

AQUA PENNSYLVANIA, INC.  
88-COVE VILLAGE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	1,730	0	16.00	27,680
1	12	0	46.70	560
	1,742	0		28,240
FIRST 20	0	26,853	.9071	24,358
OVER 20	0	26,606	1.0352	27,543
	0	53,459		51,901
SUBTOTAL	1,742	53,459		80,141
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	37	0	16.00	592
FIRST 100	0	1,239	1.0000	1,239
NEXT 233	0	701	.8785	616
NEXT 3,000	0	0	.7288	0
OVER 3,333	0	0	.6668	0
	0	1,940		1,855
SUBTOTAL	37	1,940		2,447
TOTAL	1,779	55,399		82,588

AQUA PENNSYLVANIA, INC.  
89-PAUPAKEN LAKE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	360	0	16.00	5,760
FIRST 20	0	3,172	.9071	2,877
OVER 20	0	1,034	1.0352	1,070
	0	4,206		3,947
SUBTOTAL	360	4,206		9,707
TOTAL	360	4,206		9,707

AQUA PENNSYLVANIA, INC.  
90-CLARENDON

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	3,608	0	16.00	57,728
1	12	0	40.00	480
	3,620	0		58,208
FIRST 20	0	60,998	.7208	43,967
OVER 20	0	66,352	.8208	54,462
	0	127,350		98,429
SUBTOTAL	3,620	127,350		156,637
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	168	0	16.00	2,688
1	36	0	40.00	1,440
1-1/2	12	0	40.00	480
3	12	0	70.00	840
	228	0		5,448
FIRST 100	0	10,522	.7208	7,584
NEXT 233	0	10,138	.7208	7,307
NEXT 3,000	0	2,959	.7208	2,133
OVER 3,333	0	0	.6668	0
	0	23,619		17,024
SUBTOTAL	228	23,619		22,472
TOTAL	3,848	150,969		179,109

AQUA PENNSYLVANIA, INC.  
91-CS WATER (MASTHOPE)

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)	
RESIDENTIAL - MONTHLY					
MINS & ALLOWS					
5/8	0	14,550	0	26.00	378,300
1	0	12	0	46.70	560
		14,562	0		378,860
OVER ALLOWANCE					
UP TO	40	0	169,897	.4800	81,551
OVER	40	0	42,101	.8962	37,731
		0	211,998		119,282
SUBTOTAL	14,562	211,998			498,142
COMMERCIAL - MONTHLY					
MINS & ALLOWS					
5/8	0	24	0	26.00	624
2	0	12	0	127.90	1,535
		36	0		2,159
OVER ALLOWANCE					
UP TO	100	0	2,276	1.0000	2,276
NEXT	233	0	880	.8785	773
NEXT	3,000	0	18	.7288	13
OVER	3,333	0	0	.6668	0
		0	3,174		3,062
SUBTOTAL	36	3,174			5,221
TOTAL	14,598	215,172			503,363



AQUA PENNSYLVANIA, INC.  
93-EMLENTON

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	3,756	0	16.00	60,096
FIRST 20	0	62,740	.9071	56,911
OVER 20	0	69,647	1.0352	72,099
	0	132,387		129,010
SUBTOTAL	3,756	132,387		189,106
COMMERCIAL - MONTHLY				
SERVICE CHGS 5/8	564	0	16.00	9,024
1	67	0	46.70	3,129
2	24	0	127.90	3,070
	655	0		15,223
FIRST 100	0	22,620	1.0000	22,620
NEXT 233	0	12,150	.8785	10,674
NEXT 3,000	0	12,688	.7288	9,247
OVER 3,333	0	0	.6668	0
	0	47,458		42,541
SUBTOTAL	655	47,458		57,764

AQUA PENNSYLVANIA, INC.  
93-EMLENTON

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE CHGS 1-1/2	12	0	89.90	1,079
FIRST 100	0	1,200	1.0000	1,200
NEXT 233	0	2,796	.8785	2,456
NEXT 3,000	0	18,844	.7288	13,734
NEXT 30,000	0	0	.6668	0
NEXT 66,667	0	0	.6052	0
OVER 100,000	0	0	.4842	0
	0	22,840		17,390
SUBTOTAL	12	22,840		18,469
TOTAL	4,423	202,685		265,339

AQUA PENNSYLVANIA, INC.  
95-LAKESIDE ACRES

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)	
RESIDENTIAL - MONTHLY					
SERVICE CHGS					
5/8	1,653	0	23.50	38,846	
3/4	36	0	23.50	846	
1	24	0	46.70	1,121	
	1,713	0		40,813	
FIRST	40	0	50,834	.7212	36,661
OVER	40	0	23,620	.8962	21,168
		0	74,454		57,829
SUBTOTAL	1,713	74,454		98,642	
COMMERCIAL - MONTHLY					
SERVICE CHGS					
5/8	79	0	23.50	1,857	
FIRST	100	0	2,186	1.0000	2,186
NEXT	233	0	624	.8785	548
NEXT	3,000	0	16	.7288	12
OVER	3,333	0	0	.6668	0
		0	2,826		2,746
SUBTOTAL	79	2,826		4,603	
TOTAL	1,792	77,280		103,245	

AQUA PENNSYLVANIA, INC.  
96-WASHINGTON PARK - SLEEPY HOLLOW

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	1,851	0	16.00	29,616
FIRST 20	0	34,147	.9071	30,975
OVER 20	0	45,754	1.0352	47,365
	0	79,901		78,340
SUBTOTAL	1,851	79,901		107,956
COMMERCIAL - MONTHLY				
SERVICE CHGS 3/4	36	0	27.50	990
1	36	0	46.70	1,681
	72	0		2,671
FIRST 100	0	7,200	1.0000	7,200
NEXT 233	0	6,357	.8785	5,585
NEXT 3,000	0	57	.7288	42
OVER 3,333	0	0	.6668	0
	0	13,614		12,827
SUBTOTAL	72	13,614		15,498
TOTAL	1,923	93,515		123,454

AQUA PENNSYLVANIA, INC.  
98-KRATZERVILLE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS				
5/8	1,709	0	16.00	27,344
1	12	0	46.70	560
	1,721	0		27,904
OVER	0	62,443	.8000	49,954
SUBTOTAL	1,721	62,443		77,858
COMMERCIAL - MONTHLY				
SERVICE CHGS				
5/8	14	0	16.00	224
OVER	0	735	.8000	588
SUBTOTAL	14	735		812
TOTAL	1,735	63,178		78,670

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - MONTHLY				
SERVICE CHGS 5/8	15,306	0	16.00	244,896
FIRST 20	0	257,240	.7980	205,278
OVER 20	0	279,268	.7980	222,856
	0	536,508		428,134
SUBTOTAL	15,306	536,508		673,030
COMMERCIAL - MONTHLY				
SERVICE CHGS 5/8	1,921	0	16.00	30,736
3/4	388	0	27.50	10,670
1	222	0	46.70	10,367
1-1/2	36	0	89.90	3,236
2	144	0	127.90	18,418
4	12	0	418.00	5,016
	2,723	0		78,443
FIRST 100	0	95,175	.8833	84,068
NEXT 233	0	63,253	.7760	49,084
NEXT 3,000	0	126,309	.4000	50,524
OVER 3,333	0	74,448	.3000	22,334
	0	359,185		206,010
SUBTOTAL	2,723	359,185		284,453

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
INDUSTRIAL - MONTHLY				
SERVICE CHGS				
5/8	36	0	16.00	576
1	12	0	46.70	560
2	14	0	127.90	1,791
3	12	0	257.00	3,084
	74	0		6,011
FIRST 100	0	3,811	.8833	3,366
NEXT 233	0	2,812	.7760	2,182
NEXT 3,000	0	731	.4000	292
NEXT 30,000	0	0	.3000	0
NEXT 66,667	0	0	.3000	0
OVER 100,000	0	0	.3000	0
	0	7,354		5,840
SUBTOTAL	74	7,354		11,851
PUBLIC - MONTHLY				
SERVICE CHGS				
5/8	106	0	16.00	1,696
3/4	24	0	27.50	660
1	36	0	46.70	1,681
1-1/2	20	0	89.90	1,798
2	24	0	127.90	3,070
	210	0		8,905
FIRST 100	0	10,977	.8833	9,696
NEXT 233	0	11,735	.7760	9,106
NEXT 3,000	0	38,533	.4000	15,413
OVER 3,333	0	11,539	.3000	3,462
	0	72,784		37,677
SUBTOTAL	210	72,784		46,582

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - 2 UNITS				
SERVICE CHGS 5/8	1,467	0	16.00	23,472
FIRST 20	0	26,577	.7980	21,208
OVER 20	0	63,242	.7980	50,467
	0	89,819		71,675
SUBTOTAL	1,467	89,819		95,147
RESIDENTIAL - 3 UNITS				
SERVICE CHGS 5/8	462	0	16.00	7,392
FIRST 20	0	8,710	.7980	6,951
OVER 20	0	27,853	.7980	22,227
	0	36,563		29,178
SUBTOTAL	462	36,563		36,570
RESIDENTIAL - 4 UNITS				
SERVICE CHGS 5/8	290	0	16.00	4,640
FIRST 20	0	5,584	.7980	4,456
OVER 20	0	22,314	.7980	17,807
	0	27,898		22,263
SUBTOTAL	290	27,898		26,903



AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
RESIDENTIAL - 5 UNITS				
SERVICE CHGS				
5/8	24	0	16.00	384
3/4	24	0	27.50	660
	48	0		1,044
FIRST	20	0	960	.7980
OVER	20	0	8,764	.7980
		0	9,724	
				7,760
SUBTOTAL	48	9,724		8,804

RESIDENTIAL - 6 UNITS				
SERVICE CHGS				
3/4	36	0	27.50	990
FIRST	20	0	720	.7980
OVER	20	0	6,504	.7980
		0	7,224	
				5,765
SUBTOTAL	36	7,224		6,755

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - 2 UNITS				
SERVICE CHGS				
5/8	508	0	16.00	8,128
3/4	120	0	27.50	3,300
1	48	0	46.70	2,242
4	12	0	418.00	5,016
	688	0		18,686
FIRST 100	0	37,632	.8833	33,240
NEXT 233	0	16,642	.7760	12,914
NEXT 3,000	0	22,918	.4000	9,167
OVER 3,333	0	3,167	.3000	950
	0	80,359		56,271
SUBTOTAL	688	80,359		74,957
COMMERCIAL - 3 UNITS				
SERVICE CHGS				
5/8	133	0	16.00	2,128
3/4	36	0	27.50	990
1	24	0	46.70	1,121
1-1/2	12	0	89.90	1,079
	205	0		5,318
FIRST 100	0	13,285	.8833	11,735
NEXT 233	0	9,173	.7760	7,118
NEXT 3,000	0	4,044	.4000	1,618
OVER 3,333	0	0	.3000	0
	0	26,502		20,471
SUBTOTAL	205	26,502		25,789

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - 4 UNITS				
SERVICE CHGS				
5/8	12	0	16.00	192
3/4	48	0	27.50	1,320
1	24	0	46.70	1,121
	84	0		2,633
FIRST 100	0	5,293	.8833	4,675
NEXT 233	0	2,202	.7760	1,709
NEXT 3,000	0	179	.4000	72
OVER 3,333	0	0	.3000	0
	0	7,674		6,456
SUBTOTAL	84	7,674		9,089
COMMERCIAL - 5 UNITS				
SERVICE CHGS				
5/8	36	0	16.00	576
3/4	24	0	27.50	660
1-1/2	12	0	89.90	1,079
	72	0		2,315
FIRST 100	0	4,816	.8833	4,254
NEXT 233	0	1,137	.7760	882
NEXT 3,000	0	0	.4000	0
OVER 3,333	0	0	.3000	0
	0	5,953		5,136
SUBTOTAL	72	5,953		7,451

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - 6 UNITS				
SERVICE CHGS 2	12	0	127.90	1,535
FIRST 100	0	1,200	.8833	1,060
NEXT 233	0	2,552	.7760	1,980
NEXT 3,000	0	238	.4000	95
OVER 3,333	0	0	.3000	0
	0	3,990		3,135
SUBTOTAL	12	3,990		4,670
COMMERCIAL - 7 UNITS				
SERVICE CHGS 5/8	12	0	16.00	192
3/4	24	0	27.50	660
	36	0		852
FIRST 100	0	2,494	.8833	2,203
NEXT 233	0	2,997	.7760	2,326
NEXT 3,000	0	2,866	.4000	1,146
OVER 3,333	0	0	.3000	0
	0	8,357		5,675
SUBTOTAL	36	8,357		6,527

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - 8 UNITS				
SERVICE CHGS 3/4	12	0	27.50	330
FIRST 100	0	1,175	.8833	1,038
NEXT 233	0	972	.7760	754
NEXT 3,000	0	76	.4000	30
OVER 3,333	0	0	.3000	0
	0	2,223		1,822
SUBTOTAL	12	2,223		2,152
COMMERCIAL - 11 UNITS				
SERVICE CHGS 1	12	0	46.70	560
FIRST 100	0	1,200	.8833	1,060
NEXT 233	0	2,778	.7760	2,156
NEXT 3,000	0	2,321	.4000	928
OVER 3,333	0	0	.3000	0
	0	6,299		4,144
SUBTOTAL	12	6,299		4,704

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - 18 UNITS				
SERVICE CHGS 2	12	0	127.90	1,535
FIRST 100	0	1,200	.8833	1,060
NEXT 233	0	2,733	.7760	2,121
NEXT 3,000	0	2,047	.4000	819
OVER 3,333	0	0	.3000	0
	0	5,980		4,000
SUBTOTAL	12	5,980		5,535
COMMERCIAL - 22 UNITS				
SERVICE CHGS 1	12	0	46.70	560
FIRST 100	0	1,200	.8833	1,060
NEXT 233	0	2,796	.7760	2,170
NEXT 3,000	0	4,009	.4000	1,604
OVER 3,333	0	0	.3000	0
	0	8,005		4,834
SUBTOTAL	12	8,005		5,394

AQUA PENNSYLVANIA, INC.  
99-HONESDALE

APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

RATE BLOCK, 100 GALLONS (1)	NUMBER OF BILLS (2)	TOTAL CONSUMPTION (3)	RATE (4)	BILLING AMOUNT (5)
COMMERCIAL - 40 UNITS				
SERVICE CHGS 2	12	0	127.90	1,535
FIRST 100	0	1,200	.8833	1,060
NEXT 233	0	2,796	.7760	2,170
NEXT 3,000	0	2,434	.4000	974
OVER 3,333	0	0	.3000	0
	0	6,430		4,204
SUBTOTAL	12	6,430		5,739
COMMERCIAL - 58 UNITS				
SERVICE CHGS 2	12	0	127.90	1,535
FIRST 100	0	1,200	.8833	1,060
NEXT 233	0	2,796	.7760	2,170
NEXT 3,000	0	5,104	.4000	2,042
OVER 3,333	0	0	.3000	0
	0	9,100		5,272
SUBTOTAL	12	9,100		6,807
TOTAL	21,785	1,317,931		1,348,909

**APPENDIX C**

**RECEIVED**

**APR 20 2012**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**AQUA PENNSYLVANIA, INC.'S  
STATEMENT IN SUPPORT**



**APPENDIX C**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION</b>	:	
	:	
	:	
v.	:	<b>DOCKET NO. R-2011-2267958, et al.</b>
	:	
<b>AQUA PENNSYLVANIA, INC.</b>	:	

**STATEMENT OF AQUA PENNSYLVANIA, INC.  
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT  
OF RATE INVESTIGATION**

Aqua Pennsylvania, Inc. (AP or the Company) believes that the proposed Settlement is in the best interests of the Company and its customers and is, therefore, in the public interest. The Settlement was achieved only after extensive discovery, submission of direct, rebuttal and surrebuttal testimony by the parties on a wide range of issues, and negotiations among the Joint Petitioners as to the appropriate revenue level, rate structure, rate design and other matters. AP is in full agreement with each of the reasons set forth in the Joint Petition in support of the proposed Settlement. In addition, the Settlement is in the public interest and should be approved for the reasons set forth below.

**I. OVERVIEW**

1. The Settlement provides for an increase in AP's annual operating revenues of \$16.7 million, or approximately 4.1%. AP last increased its base rates for water customers in June 2010. As a result, the 4.1% increase must be viewed in the context of the two-year period

since the Company's last increase became effective, equating to an approximate 2.0% increase on an annual basis. In addition, subject to certain limited exceptions, AP has committed not to file another general base rate water case before November 18, 2013, which means that the Settlement Rates will likely remain in effect for two years.

2. Following its last rate case, AP made a concerted effort to control discretionary expenditures. At the same time, however, AP has made and continues to make very substantial investments in new and replacement utility plant in order to replace aging infrastructure, comply with applicable Safe Drinking Water and environmental regulations and meet customers' demands for water service. The Company estimates that, by the end of the future test year in this proceeding, it will have added over \$450 million in plant and equipment since its last base rate case. The overwhelming majority of the new investment that the Company has claimed in this case consists of treatment and distribution assets, as explained in detail by William C. Packer in AP Statement No. 1. This represents growth of 19% in the Company's physical assets (property, plant and equipment) since June 2010.

3. Due in large part to its substantial investment in utility plant, AP's earnings for the twelve months ending June 30, 2012 are forecasted, on a pro forma basis, to produce an overall return of only 7.57% and a return on common equity of only 9.49%. Accordingly, the additional revenues that will be provided by the Settlement Rates are essential if the Company is to have a reasonable opportunity to earn a fair return and to attract the additional capital needed to finance future plant improvements.

4. The rate structure aspect of this case was also the subject of extensive negotiations among the Joint Petitioners. The rate structure and rate design elements agreed to by the Joint Petitioners, which are set forth in detail in Paragraph No. 7.j. of the Joint Petition for

Settlement of Rate Investigation (Joint Petition), provide a fair, reasonable and non-discriminatory distribution of the revenue increase among the various customer classes. In addition, the Settlement Rates are consistent with AP's goal of gradually unifying the customer charges and volumetric rates assessed customers in its different rate divisions.

5. The Settlement contains additional terms dealing with, among other things, the treatment of the federal income tax repair deduction; the calculation of AP's Distribution System Improvement Charge (DSIC) while the Settlement Rates are in effect; the information to be provided about acquisitions of small troubled water systems and the accounting for such acquisitions; individual customer or community water quality concerns; and contributions to the Company's Helping Hand program. These provisions are discussed in greater detail below.

## II. SPECIFIC TERMS OF THE SETTLEMENT

6. **Paragraph 7.a.** This paragraph sets forth the level of increase in annual revenues to which the Joint Petitioners have agreed and also sets forth their agreement to the specific rates set forth in the Tariff Supplement provided as Appendix A to the Joint Petition. As also explained in Paragraph 7.a., the Joint Petitioners are providing as Appendix B a proof of revenues to demonstrate that the Settlement Rates produce no more than the annual revenue increase to which they have agreed.

7. **Paragraph 7.b.** This paragraph sets forth the Joint Petitioners' agreement to exercise their best efforts to achieve approval of the Settlement at the Commission's public meeting scheduled for June 7, 2012 and the implementation of the Settlement Rates by June 8, 2012.

8. **Paragraph 7.c.** This paragraph provides that the Company will not file for another general water rate increase under Section 1308(d) of the Public Utility Code prior to November 18, 2013, subject to limited exceptions that have been included in such provisions in prior settlements of base rate cases by the Company and many other utilities.

9. **Paragraph 7.d.** This paragraph provides guidance on the timing of the Company's election of the federal income tax repair allowance and the ratemaking treatment to flow from that election.

10. **Paragraph 7.e.** This paragraph specifies that, for the period the Settlement Rates are in effect, AP will utilize a 10.2% rate of return on common equity for purposes of calculating its DSIC return rate.

11. **Paragraph 7.f.** This paragraph acknowledges that the amortization of the so-called SFAS 106 transition and stub period costs will end on December 31, 2012 and that, after that date, the amount included in rates to recover the amortization will be available to fund ongoing post-retirement benefits costs.

12. **Paragraph 7.g.** This paragraph confirms that AP will record the amortization of acquisition as described by William C. Packer in AP Statement No. 1-R and in the manner set forth on Exhibit 1 to the Joint Petition.

13. **Paragraph 7.h.** When the Company acquires the assets of another water system, its purchase price for such assets may be more or less than the depreciated original cost of the assets it is acquiring. If the purchase price is more than the depreciated original cost of the acquired assets, the Company books a "positive" acquisition adjustment. If the purchase price is less than the depreciated original cost of the acquired assets, the Company books a "negative"

acquisition adjustment. Section 1327 of the Public Utility Code sets forth the ratemaking treatment that an acquiring company may propose for positive and negative acquisition adjustments. Paragraph 7.h. provides that the Company will notify I&E and the OCA of its intention to seek an adjustment to rate base for an acquisition of a troubled water system at the time that the Company files with the Commission and serves upon I&E and the OCA its original cost study for the acquired property. Such original cost studies are generally completed after an acquisition has been made and, under current Commission procedures, are thereafter to be filed with the Commission and served on I&E and the OCA.

14. **Paragraph 7.i.** This paragraph sets forth the Joint Petitioners' agreement that the depreciation rates contained in AP Exhibit No. 6-A, Part II are approved for ratemaking purposes and that such rates may be used to record depreciation on the Company's regulated books of account for periods after the future test year in this case. This is a standard provision that has been included in prior settlements for the Company and other utilities. It acknowledges that the Company's claimed depreciation rates were not disputed and that it is appropriate for the Company to use those rates until its next base rate filing.

15. **Paragraph 7.j.** This paragraph provides in narrative form the principal elements underlying the allocation of the revenue increase to each customer class rate and the rate structure and rate design reflected in the Settlement Rates set forth in Appendix A. The Joint Petitioners agree that the rate structure and rate design criteria described in Paragraph 7.j. were properly incorporated in the Settlement Rates set forth in Appendix A.

16. **Paragraph 7.k.** This paragraph summarizes what the Company has committed to do to address specific service matters that were raised at the public input hearings. These matters were discussed in detail by Mr. Tagert in his rebuttal testimony (AP Statement No. 8-R).

17. **Paragraph 7.l.** In its filing, the Company sought approval of a Purchased Water Adjustment clause and a Purchased Power Adjustment clause under Section 1307(a) of the Public Utility Code. As proposed by AP, the clauses would reflect increases and decreases in purchased water and purchased electric power expenses caused by changes in rates and prices by suppliers of treated water and electric power that occur between base rate cases. *See* AP Statement No. 1, pp. 25-28. The adjustment clauses were opposed by witnesses for I&E and OCA. Paragraph 7.l. acknowledges that, in order to reach the Settlement, the Company's proposed clauses were withdrawn and also sets forth the Joint Petitioners' agreement that withdrawal of the Company's proposed adjustment clauses for purposes of this case is without prejudice to the Company's right to propose such clauses in the future.

18. **Paragraph 7.m.** This paragraph sets forth AP's commitment to match customer contributions to its low income customer assistance program, A Helping Hand, up to a total of \$50,000 over the next two years and to continue to promote customer awareness of the program.

19. **Paragraph 7.n.** This paragraph sets forth AP's agreement to engage other interested parties in a collaborative designed to explore industry best practices relating to customer usage, monitoring and response.

### **III. PRO SE COMPLAINANT CONCERNS**

Two pro se customer complainants, Mr. Jerome Linden and Mr. Robert Curtius, are not parties to the Joint Petition for Settlement and, at present, are expected to file comments in opposition to its approval. Mr. Linden, who submitted direct and surrebuttal testimony (Linden Statements 1 and 1-S), reviewed various market data for the Company's parent, Aqua America, Inc., and concluded, based on that review, that AP "may be receiving an excessive return on equity" (Linden Statement 1, p. 3). Mr. Curtius did not offer testimony, but instead chose to

cross-examine several witnesses for the Company and the OCA with respect to certain statements set forth in a document identified as “Rende Exhibit 1.”<sup>1</sup> As discussed next, neither Mr. Linden nor Mr. Curtius has provided any reason why the Joint Petition for Settlement should not be adopted.

**Aqua American Profitability.** Mr. Linden’s contention that the Company might be earning “an excessive return on equity” apparently stemmed from his review of published financial data for AP’s parent, Aqua America, including information regarding growth in share value, dividend payments and price/earnings multiples. Mr. Linden’s observations, however, shed very little light on the issue that the Commission must address, namely the reasonableness of the proposed Settlement rates, for several reasons.

The Company does not challenge the accuracy of the statistics cited by Mr. Linden; instead, it questions their relevance. Rates are not set on the basis of historic, consolidated holding company data,<sup>2</sup> but rather on the basis of the projected ongoing operating results of the utility in question. In addition, all three rate of return witnesses presented by the Company, I&E and the OCA agreed that AP’s authorized return on common equity should be established by reference to barometer group data, and not the profitability of Aqua America. Finally, the statistics that Mr. Linden found compelling constantly change over time. For example, while Mr. Linden claimed that Aqua America’s share price had outperformed the Dow Jones Industrial

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<sup>1</sup> Rende Exhibit 1 was submitted for the record by Mr. Emilio Rende at a public input hearing held in Radnor on March 1, 2012. Mr. Rende, whose credentials are unknown, did not claim any expertise in financial, accounting or ratemaking matters, much less endeavor to qualify himself as an expert in those areas. In addition, he volunteered that Rende Exhibit 1 had largely been compiled by someone else (Tr. 50).

<sup>2</sup> As Mr. Smeltzer pointed out (AP Statement 2-R), Aqua America has 60 subsidiaries operating in 15 states. Some are regulated utilities like AP; some are not.

Average and the Standard and Poor's 500 Average, Mr. Smeltzer noted that more recent data showed the converse to be true (AP Statement 2-R, p. 16).<sup>3</sup>

**Single Tariff Pricing.** Through his cross-examination of witnesses at the April 10, 2012 evidentiary hearing, Mr. Curtius explored whether some subsidization by Main Division customers to other areas where rates are lower is required. The answer is yes, but, as explained by Messrs. Packer and Rubin, such subsidies are quite small (Tr. 447), of limited duration, and entirely consistent with well-established ratemaking principles. The Legislature and the Commission have made it clear that they believe it is in the public interest for large, well-run companies like AP to acquire and rehabilitate small, troubled water systems. And, while AP fully supports single tariff pricing, or "cost averaging," principles of gradualism and fairness often dictate that the acquired system's rates be brought up to Main Division levels over the course of multiple rate filings.

**DSIC.** Mr. Curtius also questioned that structure of AP's Distribution System Improvement Charge (DSIC) and, more specifically, its implementation as a percentage of a customer's total bill rather than as a fixed charge. As Mr. Herbert explained (Tr. 433), however, this is how the DSIC was formulated by the Commission many years ago and AP's application of it is no different than that of every other water utility in the Commonwealth.<sup>4</sup>

**The "600% Increase" in Water Rates.** Finally, Mr. Curtius expressed concern over what Mr. Rende asserted to be a 600% increase in water rates over the past fifty years. Although

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<sup>3</sup> Mr. Smeltzer also demonstrated that Aqua America's dividend yield and price/earnings ratio were at or below the average of publicly traded water utilities (AP Statement 2-R, pp. 16-17).

<sup>4</sup> The DSIC was first approved for the Company in **Petition of Philadelphia Suburban Water Co.**, Docket No. P-00961036, 1996 Pa. PUC LEXIS 211 (Aug. 22, 1996). In Attachment A to its Opinion and Order in that proceeding, the Commission provided sample tariff language, which read, in pertinent part, as follows: "the charge will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer under the Company's otherwise applicable rates and charges, excluding amounts billed for public fire protection service and the State Tax Adjustment Surcharge (STAS)."



no one was prepared to verify the accuracy of Mr. Rende's figures, Mr. Rubin endeavored to put them in context:

[I]f we go back to 1960 and look at the cost of housing, the cost of automobiles, the cost of consumer items, saying that prices today are six times what they were in 1960 sounds about right.

\* \* \*

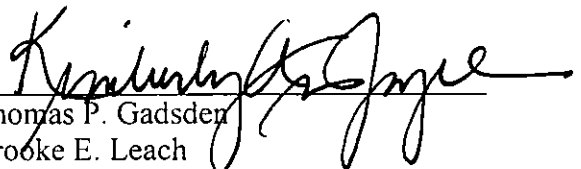
[I]t doesn't strike me as being particularly surprising that prices have gone up six or seven times in the last 50 years. I think we're seeing that throughout the economy.

(Tr. 444-45).

#### IV. CONCLUSION

A settlement is the result of compromises by the various signatory parties, and that is the case with the Settlement set forth in the Joint Petition. AP believes that a fair and reasonable compromise has been achieved in this case, and fully supports the Settlement. AP respectfully requests the Commission's expeditious review and approval of the Settlement so that the revised rates can be implemented for service rendered on and after June 8, 2012.

Respectfully submitted,

  
Thomas P. Gadsden  
Brooke E. Leach  
Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
215.963.5234 (dir)  
877.432.9652 (fax)

Kimberly A. Joyce (Pa. No. 86605)  
[KAJoyce@aquaamerica.com](mailto:KAJoyce@aquaamerica.com)  
Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
610.525.1400  
610.519.0819 (fax)

*Counsel for Aqua Pennsylvania, Inc.*

Dated: April 20, 2012

**APPENDIX D**

**RECEIVED**

APR 20 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**BUREAU OF INVESTIGATION AND ENFORCEMENT  
STATEMENT IN SUPPORT**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	R-2011-2267958
	:	
Aqua Pennsylvania, Inc.	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT  
STATEMENT IN SUPPORT OF  
JOINT PETITION FOR SETTLEMENT  
OF RATE PROCEEDING**

**TO ADMINISTRATIVE LAW JUDGES ANGELA T. JONES AND DARLENE D.**

**HEEP:**

INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement (“Settlement”) are in the public interest and represent a fair and just balance of the interests of Aqua Pennsylvania, Inc. (“Aqua” or “Company”) and its customers.

BACKGROUND

1. I&E is charged with the representation of the public interest in proceedings relating to rates, rate-related services and application proceedings affecting the public interest held before the Commission. Consequently, in negotiated settlements, it is incumbent upon I&E to ensure that the public interest is served and to quantify to what

extent amicable resolution of any such proceeding will benefit the public interest. Based upon the I&E analysis of the Company's filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judges (the "ALJs") Angela T. Jones and Darlene D. Heep, and the Commission approve the Settlement in its entirety.

2. On November 18, 2011, Aqua filed Supplement No. 115 to Tariff Water-Pa. P.U.C. No. 1 to become effective January 18, 2012, containing proposed changes in rates, rules, and regulations calculated to produce \$38,600,000 (9.4%) in additional annual revenues.

3. The Commission instituted a formal investigation to determine the lawfulness, justness and reasonableness of Aqua's existing and proposed rates, rules and regulations. This proceeding was suspended until August 18, 2012, by operation of law, unless permitted by Commission order to become effective at an earlier date.

4. A telephonic Prehearing Conference convened on January 30, 2012, with ALJs Jones and Heep presiding. During the Prehearing Conference, a procedural schedule was developed establishing testimony, hearing and briefing dates.

5. Five public input hearings were held in the Company's service territory, one of which was held telephonically.

6. In accordance with the established procedural schedule, I&E filed the following Direct Testimony with accompanying exhibits on February 17, 2012: I&E Statement No.1, I&E Statement No. 2, I&E Statement No. 3 and I&E Statement No. 4. I&E also filed the following Surrebuttal Testimony on April 5, 2012: I&E Statement No.

1-SR, I&E Statement No. 2-SR, and I&E Statement No. 3-SR. All Surrebuttal Testimonies from I&E except Statement No. 3-SR included accompanying exhibits.

7. An evidentiary hearing was held on April 10, 2012, in Harrisburg, at which the above mentioned I&E testimony and exhibits were moved into the record.

8. Extensive discovery was undertaken during this proceeding. The Company's compliance with these discovery requests enabled I&E to thoroughly analyze the rate filing to determine whether the requested rates were just and reasonable. Prior to agreeing to the instant settlement, I&E legal and technical staff conducted a thorough review of the Company's filing and supporting information, discovery responses and submitted filing data, and contributed to forthright discussions among the parties during settlement talks.

9. In accordance with Commission's policy favoring settlements, 52 Pa. Code § 5.231, the signatory parties achieved a full and complete settlement of all issues. I&E submits that the Settlement satisfies all applicable legal standards and is in the best interest of the Company and its customers.

#### TERMS AND CONDITIONS OF SETTLEMENT

10. The Settlement represents a balance of the interests of the Company and its customers. Accordingly, for the reasons articulated below, I&E maintains that the proposed Settlement is in the public interest and requests that it be approved by the ALJ and the Commission without modification:

a. The Settlement permits the Company to establish rates that produce \$16.7 million in additional operating revenue. This agreed upon rate increase represents

a \$21.9 million decrease from the Company's requested \$38.6million. I&E maintains that the proposed rate increase is in the public interest because it provides the Company with sufficient operating revenue in order to provide safe and reliable service to its customers while earning an acceptable rate of return on its investment. Furthermore, the agreed upon revenue requirement protects ratepayers from undue and unwarranted increases.

b. The Settlement provides that the Company will refrain from filing a general water rate increase, subject to standard exception language which is noted in the Joint Petition, prior to November 18, 2013. This stay out provision benefits Aqua ratepayers because it provides for a period of rate stability. The "stay out" period will also enable the Company to conduct its operations without the distraction and time consumption involved in organizing and filing a rate case.

c. I&E provided rate structure and rate design testimony in this proceeding and maintains that the agreed upon distribution of revenue among customer classes is in the public interest because it fairly distributes the rate increase among all of the Company's customer classes and makes significant progress moving rate in the various divisions towards the corresponding rate in the Main Division:

i. The Settlement provides that the Company will charge its Main Division 5/8-inch customer a customer charge of \$16.00 per month, which represents a \$1.00 per month decrease from the Company's original request. The \$16.00 per month customer charge is representative of direct and allowable

costs incurred to serve customers; therefore, I&E maintains that the recommended customer charge is in the public interest.

- ii. The Settlement moves Clarendon rates to the Main Division rates in the next rate case. Transitioning Clarendon in this way ensures that Main Division customers will not indefinitely pay higher rates and transitions the Clarendon rates in such a way that rate shock to Clarendon customers is avoided. Furthermore, the Settlement moves rates in the Honesdale, Kratzerville, Bensalem, Chalfont, and Country Club Gardens closer to Main Division rates. This is consistent with the goal of consolidating non-seasonal rates and eliminating separate rate divisions where possible.
- iii. Under the Settlement, seasonal customers in the Western, Fawn Lake, Tanglewood, Eagle Rock, Thornhurst and Woodledge Village Divisions will pay a \$26.00 per month customer charge for 5/8-inch and 3/4-inch meters. The first block usage charge is calculated so that a seasonal customer using 4,000 gallons per month will pay a total bill equal to the bill paid by a Main Division residential customer with the same usage. Because customers in these divisions occupy their homes seasonally, a higher customer charge than the



\$16.00 per month in Main Divisions in exchange for lower usage rates is appropriate because it allows the Company to collect more of its fixed costs that are incurred to operate these systems.

- iv. Customers in Oakland Beach, Lakeside, CS Water, and Pinecrest are currently classified as quasi-seasonal customers. Under the Settlement Oakland Beach and Lakeside Acres will pay a customer charge of \$23.50 per month for 5/8-inch and 3/4-inch meters. CS Water Customers will pay a customer charge of \$26.00 per month for 5/8-inch and 3/4-inch meters and Pinecrest will be moved to the same rate as Seasonal Customers. This is consistent with the goal of consolidating seasonal rates and eliminating separate seasonal rate divisions.
- v. In addition, the Settlement provides that Hedgerow HOA, Emlenton, Washington Park Development, White Have, Cove Village, Marienville/Applewood, and Paupacken Lake divisions will equalized with Main Division Rates. Once again, this is in line with the goal of eliminating rate divisions and consolidating rate divisions where possible.

c. The Settlement states that while Settlement Rates are in effect, a 10.2% rate of return on common equity will be used by Aqua for Distribution System

Improvement Charge purposes instead of the rate of return on common equity calculated in the Commission's Quarterly Earnings Reports. This provision provides a period of stability for both Aqua and its customers.

d. I&E maintains that the distribution of revenue among customer classes as presented in this Joint Petition is in the public interest because it fairly distributes the rate increase among all of the Company's customer classes.

e. The Settlement also addresses quality of service concerns that were raised during public input sessions. Such proceedings are an important component of the rate case process and provide valuable insight about issues of importance to Aqua customers. Resolving these issues, to the extent possible, is in the public interest.

f. Aqua is withdrawing its proposed Energy Cost Adjustment ("ECA") and Purchased Water Adjustment ("PWA"). This withdrawal is made without prejudice to proposed these adjustments in the future. I&E opposed both the ECA and PWA on the grounds that they constituted single issue ratemaking, potentially discriminatory to tariff rate customers and that these expenses are not significant or volatile in order to warrant such recovery. I&E Statement No. 3, pp. 3-14. Accordingly, I&E maintains that these expenses are properly recovered through base rates and not through a surcharge.

g. In the Settlement, Aqua agrees over the next two years to match the current Helping Hand contribution made by its customers up to \$50,000. Support of low-income customers is in the public interest.

11. I&E represents that all issue have been satisfactorily resolved through discovery and discussions with the Company and are incorporated in the Settlement. The

very nature of a settlement requires compromise on the part of all parties. This particular agreement exemplifies this principle. The balance of the issues have been carefully discussed and negotiated in this agreement. Line by line identification of the ultimate resolution of the disputed issues is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

12. The Settlement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company or I&E as provided therein.

13. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the instant proceeding.

14. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E has not waived its right to file Reply Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by the Company.

CONCLUSION

The Commission's Bureau of Investigation and Enforcement represents that it has thoroughly analyzed the instant base rate filing and has actively participated in settlement discussions, which resulted in the foregoing Joint Petition for Settlement. I&E supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judges *Angela T. Jones and Darlene D. Heep* recommend, and the Commission approve, the terms and conditions contained in the Joint Petition for Settlement.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright". The signature is written in black ink and is positioned above a horizontal line.

Carrie B. Wright  
Prosecutor

Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265  
(717) 787-1976

Dated: April 19, 2012

**APPENDIX E**

**RECEIVED**

APR 20 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**OFFICE OF CONSUMER ADVOCATE  
STATEMENT IN SUPPORT**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	Docket No. R-2011-2267958
	:	
AQUA PENNSYLVANIA, INC.	:	

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STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF  
JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

---

The Office of Consumer Advocate (OCA), one of the signatories to the Joint Petition for Settlement of Rate Investigation (Settlement), finds the terms and conditions of the proposed Settlement in the public interest for the reasons discussed below. The Settlement satisfactorily addresses the issues raised in the OCA analysis of the Aqua Pennsylvania, Inc. (Aqua) filing, Public Input Hearing testimony, and Aqua discovery responses. The Settlement terms do not reach all recommendations the OCA proposed in litigation. Nevertheless, likely litigation results are the best lens through which a party may evaluate settlement terms; the terms and rates proposed here are well within the range of expected litigation results. The Pennsylvania Public Utility Commission should therefore find that the proposed Settlement is in the public interest and should approve it without modification.

**I. INTRODUCTION**

The OCA notes that the Background section of the Settlement is accurate (pp. 2-5). The OCA would add only that, while only 22 Formal Complaints and customer objection letters were

filed with the Commission as the Joint Petition states, approximately 400 informal letters of protest regarding the proposed rate increase and related matters were submitted as well. The OCA would note the prevalence of affordability complaints among these communications.

The OCA will detail below how the Settlement terms and conditions satisfy the issues raised in the OCA Formal Complaint and are responsive to the testimony of its expert witnesses in this proceeding. While the Settlement is in the nature of a “black box” with few specific adjustments, the overall revenue number agreed to by the Parties shows that the Settlement, as a whole, is a reasonable resolution of the individual issues raised by the OCA and its expert witnesses. By the resolution of these issues, and the issues raised by the other Parties, approval of the Settlement is in the public interest.

## **II. RESOLUTION OF OCA ISSUES**

### **A. Revenues**

The testimony of Aqua consumer witnesses at the five public input hearings in this matter focused on the excessive nature of the proposed rates and the repeated biennial rate increases. The OCA notes that its Formal Complaint and Public Statement, testimony, and advocacy likewise focused on how Aqua’s proposed rates did not appear to be just and reasonable. The proposed Settlement resolves these issues. The Settlement provides for an approximate 57% reduction in Aqua’s proposed \$38,600,000 rate increase, reduced by the Settlement to \$16,700,000. The proposed Settlement calls for a 4.1% increase in revenues not to exceed \$425,559,264 and is in lieu of the 9.4% originally proposed. The bill for an average Main Division residential customer on a 5/8" meter using 4,745 gallons per month would increase from \$60.15 per month to \$62.56 per month, or \$2.41 (approximately 4.0%), as opposed to the \$5.91 per month (9.8%) originally requested by Aqua. The proposed Settlement revenues

represent an amount well within the range of likely litigation outcomes.

## **B. Rate Limitations**

The Settlement ensures that Aqua will refrain from filing a rate case prior to November 18, 2013, absent certain limited circumstances. This ensures that customers will experience a level of base rate stability over an approximate 24-month period. Consumer-oriented parties to Pennsylvania utility rate proceedings have traditionally advocated similar provisions in settlements as a way to ensure that customers could experience a measure of rate stability for some period. The Settlement's rate limitation provision fulfills this function here, i.e., limiting the risk of an additional base rate filing by establishing a "stay-out" period for base rate changes.

The OCA understands that consumer formal complainants may use its Statement in Support in evaluating the terms of the Settlement. Because of this, clear expectations about what the rate limitation period can and cannot provide are essential for the exercise of informed judgment on the part of these consumers. Because of Aqua's use of a Section 1307(g) Distribution System Improvement Charge, which is adjusted quarterly to recover the costs of infrastructure replacements, Aqua customers should not expect the overall amount of their average Aqua bill in the months immediately following approval of the Settlement to continue for the duration the Settlement's rate limitation provision.

Consumers should understand that Aqua's collection of a Section 1307(g) distribution system improvement charge of up to 7.5% will increase their bills regardless of the base rate stay-out. This is because the Settlement will result in a 0% surcharge on customer bills for only about three months. Rates will increase upon Commission approval of the Settlement and then monthly bills will likely increase quarterly until Aqua achieves the 7.5% cap set by the Commission. While it is impossible to know how quickly Aqua will hit the 7.5% cap,



approaching or hitting the cap early in the rate limitation period would produce a larger out-of-pocket increase for the rate limitation period as a whole. The OCA nevertheless believes that consumer formal complainants should support the approximate 24-month rate limitation period because it adds to the public interest value of the Settlement.

### **C. Accounting Adjustments**

The OCA performed extensive discovery and analysis on Aqua's revenue requirement claims. OCA Statement Number 1, the direct testimony of Thomas Catlin, contains an array of proposed adjustments. These range from simple expense adjustments to the appropriate regulatory treatment of complex federal tax claims. The overall revenue requirement recommended by the OCA was an approximate \$2.6 million revenue reduction, in lieu of Aqua's \$38.6 million revenue increase. OCA St. No. 1-S at 9. The OCA acknowledges that the variance between the OCA and Aqua positions mostly reflects differences in rate of return recommendations and not accounting adjustments.

Another important feature of the Settlement is the provision governing the tax repair election for federal income tax purposes. Aqua has not taken the election at this time. As such, there are no tax savings in dispute in this proceeding. Aqua may, however, make the election prior to its filing another rate proceeding and this would affect rates in its next rate increase request. The Settlement substantially ameliorates ratepayer risk associated with Aqua making the federal tax repair and maintenance election between the approval of this Settlement and its next rate filing. The Company would be required to notify the parties to the settlement upon taking the election and to use a prescribed amortization of flow-through savings in its accounting for this substantial tax benefit. This provision will sufficiently protect Aqua's ratepayers in the event the election is taken.

### **C. Rate Design**

OCA Statement No. 3 and 3-S, the direct and surrebuttal testimony of Scott J. Rubin, recommended that the Commission adjust Aqua's proposed allocation of revenues among its residential, commercial, and industrial classes. Mr. Rubin also recommended that the Commission adjust the rates Aqua proposed to transition recently acquired systems from their existing rates to Aqua's Main Division rates. Mr. Rubin also criticized Aqua's proposal to implement purchased water and energy cost automatic rate adjustment tariffs provisions.

The settlement provides for Aqua's withdrawal of both the purchase water and energy cost automatic rate adjustment tariff proposals. This resolves the OCA concerns with those provisions in this proceeding. In addition, the Settlement addresses the OCA concerns with individual Aqua divisions by providing for transitional rates more closely aligned with the OCA goal of gradualism in rate increases.

The Settlement also recognizes and works to transition away from various historic subsidies between rate classes. OCA St. No. 2-R at 1-3. The Commission generally supports the proposition that each rate class should support its cost of service. The Settlement is a reasonable accommodation of the Parties' differing opinions of how the Commission should approach these historic subsidies.

### **D. Rate of Return**

Through OCA Statement No. 2, the direct testimony of Matthew I. Kahal, the OCA recommended that the Commission adopt the following capital structure and rate of return proposal for Aqua.

	<u>Percent</u>	<u>Cost</u>	<u>Return</u>
Long-Term Debt	47.02%	5.41%	2.54%
Common Equity	52.98%	9.60%	5.09%
Total	<u>100.00%</u>		<u>7.63%</u>

OCA St. No. 2, Sch. MIK-1. Similar to many major water rate proceedings, the primary cost of capital issue here was an appropriate common equity cost recommendation, with Aqua's proposed return on equity at 11.75%.

As the OCA mentioned above, the difference in return on equity positions generated the majority of the \$41.2 million variance between the OCA's proposed revenue reduction recommendation and Aqua's \$38.6 million request; such is the result of applying Aqua's proposed rate of return numbers to Aqua's approximate \$1.8 billion rate base. OCA St. No. 1, at 4, Sch. TSC-1.

By design, the Settlement does not resolve this difference of opinion; it adopts no specific common equity cost or overall rate of return. The OCA points out that the Settlement provides for a significant reduction in Aqua's overall revenue increase claim; this indicates that the Settlement achieves a reasonable compromise on rate of return issues.

#### **E. Quality of Service**

In the five Public Input Hearings, and through Formal Complaints in the context of this rate case, Aqua consumers brought various quality of service concerns to the Commission's attention. The OCA believes that the Settlement provides for a reasonable resolution of the issues raised by consumers at the public input hearings and is in the public interest. Settlement at 10-11.

Regarding billing service issues, a number of Aqua customers have filed Formal Complaints concerning abnormally high bills during the past year. The OCA discussed this issue with Aqua on an informal basis in the context of this rate proceeding and the parties reached an agreement that Aqua would explore the development of best-practices for managing customer

usage inconsistent with historic usage patterns in the context of a collaborative. Settlement, ¶7.m. is the result of the Aqua-OCA discussions.

**F. Low Income Assistance**

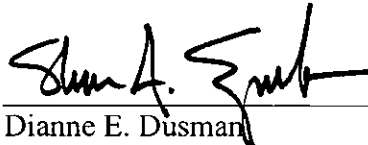
Through this Settlement, Aqua has agreed to match current Helping Hand contributions up to \$50,000 over the course of the next two years. While small, Aqua's \$50,000 matching commitment will effectively double the size of Aqua's Helping Hand program and will encourage assistance agencies to avail their clients of the program. In the Public Input hearings in this proceeding, numerous witnesses spoke to Aqua's commitment to developing the business environment in the communities in which it operates. Aqua's commitment to the expansion of its Helping Hand program is a necessary component of its role as a contributor to the economic resiliency of these communities. The OCA supports the continuation of this welcome step and believes that the Commission should encourage Aqua's efforts to develop its customer assistance program.

### III. CONCLUSION

The terms and conditions of the proposed Settlement represent a fair and reasonable resolution of the issues and claims developed by the OCA in this proceeding. If approved, the proposed Settlement would produce revenues within a range of anticipated litigation outcomes. Finally, the Commission and all Parties would benefit by the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the Commission approval of the proposed Settlement is in public interest.

Respectfully submitted,



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Dianne E. Dusman  
Senior Assistant Consumer Advocate  
Shaun A. Sparks  
Assistant Consumer Advocate

Counsel for:  
Irwin A. Popowsky  
Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048  
(717) 783-7152(fax)  
Dated: April 19, 2012  
155145.doc

**APPENDIX F**

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**AQUA LARGE USERS GROUP  
STATEMENT IN SUPPORT**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION**

v.

**AQUA PENNSYLVANIA, INC.**

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**DOCKET NO. R-2011-2267958, et al.**

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**STATEMENT OF AQUA LARGE USERS GROUP  
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

---

Aqua Large Users Group ("Aqua LUG"), by and through its counsel, submits that the Joint Petition for Settlement ("Joint Petition") filed in the above-captioned proceeding with the Pennsylvania Public Utility Commission ("PUC" or "Commission"), reflects a settlement among the Joint Petitioners with respect to Aqua Pennsylvania, Inc.'s ("Aqua" or "Company") November 18, 2011, filing of Supplement No. 115 to Tariff Water – Pa. PUC No. 1 ("Supplement 115"), which sought to increase Aqua's total annual operating revenues by \$38.6 million effective January 18, 2012.

On January 27, 2012, Aqua LUG submitted a Complaint in the above-captioned proceeding. As noted in its Complaint, Aqua LUG members receive service from Aqua and use substantial volumes of water in their operations. As a result, Aqua LUG members were concerned that the proposed rate increase may have an adverse impact upon their operational processes.

As a direct result of settlement discussions, the Joint Petitioners in this proceeding have agreed upon the terms embodied in the foregoing Joint Petition.

1. The Joint Petitioners agree that the Company should be authorized to file a tariff supplement containing the rates set forth in the Joint Petition.

2. The Joint Petitioners agree that a \$16.7 million rate increase is just, reasonable, and in the public interest.

3. The Joint Petition is in the public interest for the following reasons.

- a. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.
- b. Uncertainties regarding further expenses associated with possible appeals from the final order of the Commission are avoided as a result of the Joint Petition.
- c. The Joint Petition results in an increase in Aqua's rates by \$16.7 million, which is approximately 43% of the Company's original request of \$38.6 million.
- d. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

4. In addition, the Joint Petition addresses issues of particular concern to Aqua LUG, including the establishment of a rate structure allocating revenues among the customer classes in a just and reasonable manner.

5. Aqua LUG supports the foregoing Joint Petition; however, in the event that the Joint Petition is rejected by the Administrative Law Judge or the Commission, Aqua LUG will reassume its litigation position, which differs from the terms of the Joint Petition.



**WHEREFORE**, the Aqua Large Users Group respectfully requests that Administrative Law Judges Angela T. Jones and Darlene D. Heep and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Settlement.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By



Charis Mincavage (I.D. No. 82039)  
Adeolu A. Bakare (I.D. No. 208541)  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300

Counsel to the Aqua Large Users Group

Dated: April 19, 2012

**AQUA PENNSYLVANIA, INC.**  
**CERTIFICATE OF SERVICE**

**BEFORE THE**  
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY :  
COMMISSION, ET AL :  
 :  
 : Docket No. R-2011-2267958  
 :  
 V. :  
 :  
 AQUA PENNSYLVANIA, INC. :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served copies of the Joint Petition for Settlement of Rate Investigation, upon the person(s) and in the manner indicated below:

**VIA EMAIL & REGULAR U.S. MAIL**

Thomas P. Gadsden, Esquire  
Anthony C. DeCusatis, Esquire  
Brooke E. Leach, Esquire  
Morgan, Lewis & Bockius, LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
215-963-5404 / 215-963-5001 (fax)  
[tgadsden@morganlewis.com](mailto:tgadsden@morganlewis.com)  
[adecusatis@morganlewis.com](mailto:adecusatis@morganlewis.com)  
[bleach@morganlewis.com](mailto:bleach@morganlewis.com)

Carrie B. Wright, Esquire  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
717-783-6156 / 717-772-2677 (fax)  
[carwright@pa.gov](mailto:carwright@pa.gov)

Dianne E. Dusman, Esquire  
Shaun A. Sparks, Esquire  
Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1921  
717-783-5048 / 717-783-7152 (fax)  
[DDusman@paoca.org](mailto:DDusman@paoca.org)  
[SSparks@paoca.org](mailto:SSparks@paoca.org)  
(C-2011-2279111)

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Daniel G. Asmus, Esquire  
Office of Small Business Advocate  
300 North Second Street  
Commerce Building, Suite 1102  
Harrisburg, PA 17101  
717-783-2525 / 717- 783-2831 (fax)  
[dasmus@state.pa.us](mailto:dasmus@state.pa.us)  
(C-2011-2279475)

Adeolu A. Bakare, Esquire  
Charis Mincavage, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
[ABakare@mwn.com](mailto:ABakare@mwn.com)  
[cmincavage@mwn.com](mailto:cmincavage@mwn.com)

**VIA REGULAR U.S. MAIL**

Said Shafik  
507 Larchwood Avenue  
Upper Darby, PA 19082  
(C-2011-2277105)

Emilio Rende  
108 Jefferson Street  
Bala Cynwyd, PA 19004  
(C-2011-2277113)

Rikki Renz  
202 Windsor Avenue  
Melrose Park, PA 19027  
(C-2011-2277112)

Thomas E. Pektas  
233 Kutenai Trail  
Mercer, PA 16137  
(C-2011-2277115)

Daniel H. McElreavey  
27 Pleasant Road  
Broomall, PA 19008  
(C-2011-2277119)

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Laurence J. Colfer  
609 E. Pleasant Grove Road  
West Chester, PA 19382  
(C-2011-2279472)

Michael Silvestri  
709 14<sup>th</sup> Avenue  
Prospect Park, PA 19076  
(C-2011-2279485)

William & Kathleen Whiting  
11879 Lake Drive  
Connlaut Lake, PA 16316  
(C-2011-2279476)

Linda Palmisano  
508 Towanda Street  
White Have, PA 18861  
(C-201102279703)

John Dillon  
485 N. Buhl Farm Drive  
Hermitage, PA 16148  
(C-2011-2279566)

Jerome Linden  
201 Cornell Drive  
Bryn Mawr, PA 19010  
(C-2011-2280616)

Arnold M. Kring  
83 Winterberry Drive  
Downingtown, PA 19335  
(C-2011-2279526)

Robert W. Curtius  
949 Foss Avenue  
Drexel Hill, PA 19026  
(C-2012-2281336)

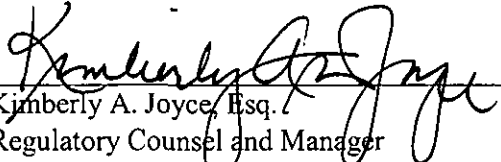
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128 N. Wayne Street  
West Chester, PA 19380  
(C-2012-2282626)

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\_\_\_\_\_  
Kimberly A. Joyce, Esq.  
Regulatory Counsel and Manager  
of Legislative Affairs  
Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

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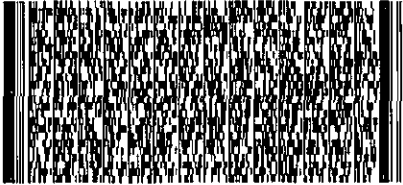
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 PA Public Utility Commission  
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