

United Water Pennsylvania
Distribution System Improvement Charge
To Become Effective April 1, 2015

<u>Symbol</u>	<u>Description</u>	<u>Annual</u>	<u>Quarterly</u>	
	Net Additions 1/1/12 - 02/28/15		\$ 18,659,081	
	Accum. Depreciation 1/1/12 - 02/28/15		(741,915)	
(DSI)	Net Rate Base Additions 1/1/12 - 02/28/15		<u>\$ 17,917,166</u>	
	Annual Pretax Rate of Return	12.49%		
(PTRR)	Quarterly Pretax Rate of Return		3.12%	
(DSixPTRR)	Quarterly Capital Cost Recovery		559,016	
	Annual Depreciation Expense	443,230		Monthly Recoverable Amount
(DEP)	Quarterly Depreciation Expense		110,808	Amount
(DSixPTRR)+ Dep	Current Period Recoverable Cost Amount Current Cost Recovery Rate		<u>\$ 669,823</u>	223,274 7.99%
	(Over) / Under Collection		-	-
	"E Factor"		-	0.000% 0
(E)	Net "E Factor" Amount	<u>-</u>		
	Quarterly "E Factor" Amount		-	-
	" E Factor" Rate			0.000%
(DSixPTRR)+ DEP + E	Total DSIC Requirement (Quarterly)		<u>\$ 669,823</u>	<u>223,274</u>
(PQR)	Projected Quarterly Revenue		<u>\$ 8,382,548</u>	
(DSIC)	DSIC Surcharge Rate Calculated As:			<u>7.99%</u>
	DSIC Surcharge Rate Capped @			<u>7.50%</u>

**United Water Pennsylvania
Infrastructure Replacement Additions
January 1, 2012 through February 28, 2015**

Description	Account #	Cumulative Additions through 11/30/14	Current Period Additions 12/1/14 - 02/28/15	Cumulative Additions through 02/28/15
Mains	331.4	\$ 9,726,357	\$ 455,822	\$ 10,182,179
Services	333.4	3,079,935	241,154	3,321,090
Meters	334.4	4,769,050	138,032	4,907,082
Hydrants	335.4	234,400	14,330	248,730
Cumulative Amounts		\$ 17,809,742	\$ 849,339	\$ 18,659,081

United Water Pennsylvania Inc.
Calculation of Annual Depreciation Expense
January 1, 2012 through February 28, 2015

Account Number	Description	Net Additions	Depreciation Rate	Annual Depreciation Expense
331	Replacement Mains	\$ 10,182,179	1.54%	\$ 156,806
333	Replacement Services	\$ 3,321,090	1.78%	\$ 59,115
334	Replacement Meters	\$ 4,907,082	4.54%	\$ 222,782
335	Replacement Hydrants	\$ 248,730	1.82%	\$ 4,527
	Total	<u>\$ 18,659,081</u>		<u>\$ 443,230</u>
Quarterly Depreciation Expense				<u>110,808</u>

**United Water Pennsylvania Inc.
Consolidated Capital Structure of United Waterworks**

	Percentage	* Cost	Weighted Cost	Revenue Multiplier	Before Income Tax
Long Term Debt	52.50%	8.29%	4.35%	1	4.35%
Minority Interest	0.15%	5.00%	0.01%	1.71275	0.02%
Common Equity	47.35%	10.00%	4.74%	1.71275	8.12%
Totals	100.00%		9.10%		12.49%

* The return on equity is based on the most current return calculated by the Commission Staff for the Water Barometer Group.

The capital structure was approved in the opinion and order R-00973947 (page 55 of the opinion entered 1/29/98).

**United Water Pennsylvania
Infrastructure Replacement Additions
December 1, 2014 through February 28, 2015**

PID	Project Name	Closed to Plant 12/1/14 through 02/28/15
C11D611_002	EAST ALLEN STREET	720
C13D602_002	FAIRWAY - MARKET	(126)
C13D604_002	PINECREST AVENUE	(3,164)
C13D606_002	FRANKLIN STREET	(107)
C13D609_002	WEST MAIN ST, HUMMELSTOWN	(57)
C13D611_002	FOURTH ST-RR TO MARKET	(13)
C13D616_002	MARKET-MUMMA-SUMMIT-ELMWOOD	(981)
C14D601_002	CENTER HILL ROAD	119
C14D602_002	KELLER/WASHINGTON	(35,490)
C14D605_002	MAIN ST - WATER TO RR STS	(315)
C14D607_002	LOWER MAHANOEY	(448)
C14D608_002	GIBSON BLVD - PH 2	(15,934)
C14D610_002	FOURTH ST, MARKET TO IRON	(542)
C14D612_002	ELMCREST DRIVE, DALLAS	(202)
C14D614_002	BRISBAN STREET	(87,731)
C14D615_002	SCENIC KNOLLS WEST	(120,479)
C14D617_002	Duke Street LPT	(59,113)
	Subtotal Main Replacements	<u>(323,862)</u>
Highway/DOT		
C13D707_002	EAST MAIN ST, HUMMELSTOWN	(43)
C14D701_002	MACHELL AVENUE	(876)
C14D703_002	BRADFORD ROAD	(10)
C14D704_002	GOOSE VALLEY ROAD	(17,355)
C14D707_002	HOGESTOWN RD, WOOD DR.	(122,385)
	Subtotal Highway/DOT	<u>(140,668)</u>
Replace Hydrants		
C14D501_002	Repl Hydrants	(4,346)
C15D501_002	Repl Hydrants	(4,500)
	Subtotal Hydrant Replacements	<u>(8,845)</u>
Replace Short Mains and Valves		
C14D502_002	Repl Short Mains & Valves	(77,252)
C15D502_002	Repl Short Mains & Valves	(119,197)
	Subtotal Short Mains and Valve Repl.	<u>(196,449)</u>
Replace Services		
C14F501_002	Repl Domestic Svcs	(49,259)
C15F501_002	Repl Domestic Svcs	(26,914)
C14F503_002	Repl Fire Services	(74)
C15F503_002	Repl Fire Services	(2,727)
C14F503_002	Repl Fire Services Adjustment for New Fire Line Meters	2,034
	Subtotal Service Replacements	<u>(76,941)</u>
Replace Meters		
C14G501_002	Repl Customer Meters	22,864
C15G501_002	Repl Customer Meters	(125,531)
C14G501_002	Repl Customer Meters Adjustment for AMI Software	94
	Subtotal Meter Replacements	<u>(102,573)</u>
Total DSIC Eligible Transfers		<u>(849,339)</u>